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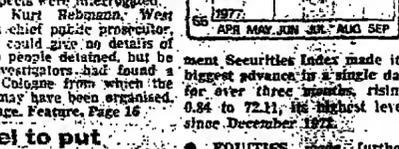
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Financial Times advertisement for 'Dodge' management consulting, including contact information and a list of services.

NEWS SUMMARY

Business Gilts rise strongly; equities up 6.3

Mr. James Callaghan scored an unexpected success at the Trades Union Congress here yesterday on the eve of the economic debate and in front of an audience containing many rank and file trade unionists deeply hostile to the Government's wages policy.



Mr. Callaghan's message, delivered in simple and tough language, was that whatever the unions decide today about the 12-month rule, the Government would not be deflected from its responsibility to check inflation.

Mr. Callaghan hinted that there would be no further measures this autumn, but that inflation would not be 'just a pre-election

Hint to TUC of reflationary measures this autumn

Callaghan warning over confrontation

BY CHRISTIAN TYLER, LABOUR EDITOR, IN BLACKPOOL

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Imported cars take 50% of August sales

BY STUART ALEXANDER

IMPORTED CARS took more than 50 per cent of the British market for the first time in August. A shortage of home-produced vehicles, caused partly by industrial disputes, coincided with heavy sales at the start of the month and importers had a good supply of vehicles to meet demand.

Imports of vehicles built in Europe by the four main British manufacturers—including the Ford Granada, the Vauxhall Cavalier, the Leyland and Chrysler's Alpine—accounted for more than 10 per cent of total sales and pushed the final import figure to 50.7 per cent.

The position could become worse in September as the effect of the Leyland strike further reduces Leyland's ability to meet its suppliers' demands. Ford has already forecast that August sales will be lower than in July, and September could be even lower.

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Power cut fears not realised Healey to meet CBI on unions' pay verdict

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE FUTURE of the Government's plans for pay restraint will be discussed by Mr. Denis Healey, Chancellor of the Exchequer, and senior CBI leaders to-night only a few hours after the TUC is scheduled to decide its policy on the 12-month rule for pay settlements.

If the rule is backed by a significant majority, Mr. Healey will talk to the CBI leaders about how the policy can be maintained through the winter. This will include the future of the Government's strategy of discriminating in the allocation of Government business and aid against companies which break the overall pay limits.

But if the rule is defeated or is only approved by a slender majority, the CBI leaders will want to know whether the Government believes its present policy would retain any credibility or whether it would have to be replaced by new arrangements in the next few weeks.

The talks will take place at a private dinner party being given by the CBI for Mr. Healey and Mr. Roy Hattersley, Prices Secretary, as one of informal meetings arranged with representatives of the Government and the TUC.

The CBI team will be led by Mr. John Methven, director general, along with Mr. John Greenborough, president-elect, Lord Plowden of Tube Investments, Mr. Terry Beckett, of Ford Motor, and Sir Adrian Cadbury, of Cadbury Schweppes.

Pay policy is the main subject expected to be discussed. The CBI leaders will tell Mr. Healey that during the past few weeks management negotiators have gained a new confidence in their ability to withstand some of the inflationary claims they have

been making. But they know that confidence will quickly evaporate unless the 12-month rule is approved to-day.

The CBI has set up a pay data bank at its London headquarters and has been told by its members about claims lodged, covering some 22m. workers. Many of these call for total increases of 25.10 to 30 per cent, or more.

With both unions and employers waiting for today's TUC debate, managements have found it relatively easy to dismiss such claims as ludicrously unrealistic.

Partly because of this, settlements covering only 150,000 workers have been reported to the CBI, and most of these have been for 10 per cent, or less.

Allied £11.8m. bid for Peachey

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

SIR ERIC MILLER is believed to have sold his personal and family shareholdings in Peachey Property Corporation for more than £500,000, providing the springboard for an £11.8m. surprise takeover bid from Allied London Properties.

Allied's 55p a share cash offer has already been rejected as 'totally inadequate' by Lord Wais. Peachey's chairman, as the market anticipates a strong defence, Peachey's shares gained 10p on the news, closing 9p above the offer price at 64p.

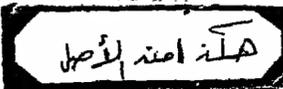
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Table with columns for 'Features' and 'On Other Pages', listing various news items and their page numbers.

Large advertisement for 'ONCE YOU'RE IN TUNE YOU HAVE TO HARMONIZE' featuring a stylized image of a person and text about financial services.

Table titled 'SHARE PRICE CHANGES YESTERDAY' listing various stocks and their price movements.



Good news from Edinburgh

by CHRIS DUNKLEY



Julie Harris

The Belle of Amherst

by MICHAEL COVENEY

The Harris, making her debut on the Edinburgh stage, comes as a surprise. She is not only a beautiful woman, but also a talented actress. Her performance in 'The Belle of Amherst' is a masterpiece of acting. She brings to life the character of Emily Dickinson, a woman who lived in a small town in New England and wrote some of the most beautiful poetry of the 19th century. Her performance is a true triumph.

The Entertainment Guide is on Page 29

The Entertainment Guide is a comprehensive listing of all the entertainment events in Edinburgh. It includes information on plays, concerts, lectures, and other cultural activities. It is a valuable resource for anyone interested in the arts and culture of the city. The guide is available on page 29 of the newspaper.

Book Review

Shakespeare Revolution by L. Sivan, Cambridge University Press, £6.50, 292 pages. This book is a critical study of Shakespeare's works, focusing on the revolutionary aspects of his writing. Sivan argues that Shakespeare's plays were a radical departure from the traditional forms of drama of his time. He explores the ways in which Shakespeare's characters and plots challenged the social and political norms of the Elizabethan era.

The Player-Critics by B. A. Young. This book is a collection of essays on the art of acting and the role of the actor. Young discusses the challenges of the profession and the ways in which actors can achieve greatness. He also explores the relationship between the actor and the audience, and the importance of the actor's craft. The book is a valuable read for anyone interested in the world of theater.

The Trojans at Covent Garden. The Royal Opera House is presenting a production of 'The Trojans' at Covent Garden. The production is a masterpiece of opera, featuring a cast of talented performers. The story is set in the city of Troy during the Trojan War, and it tells the story of the fall of the city. The production is a true triumph of the opera world.

Festival Hall

Scheherazade by CLEMENT CRISP. The Festival Hall is presenting a production of 'Scheherazade' by Clement Crisp. The production is a masterpiece of music, featuring a cast of talented performers. The story is set in the city of Baghdad during the time of the Arabian Nights, and it tells the story of the queen Scheherazade. The production is a true triumph of the music world.

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In the continuous euphoria which surrounded the Edinburgh International Television Festival, it was not surprising that the Edinburgh International Television Festival was a success. The festival was a celebration of television, and it was a true triumph for the city. The festival featured a wide range of programs, including plays, documentaries, and other cultural activities. It was a true celebration of the art of television.

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Julie Covington, Michael Feast, Peter Sraaker and Beth Porter in 'Crescendos Scenes from King Kong'

Murray Perahia

The partnership of Murray Perahia and the Edinburgh Chamber Orchestra is a true triumph of music. Perahia is a world-class pianist, and the orchestra is one of the best in the world. Their collaboration has produced some of the most beautiful music of the 20th century. The Edinburgh Chamber Orchestra is a true triumph of music, and Murray Perahia is a true triumph of the piano world.

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EUROPEAN NEWS

Leaked Bonn study gives warning on larger EEC

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, Sept. 6

FRESH EVIDENCE has emerged that Bonn is likely to take a tough attitude towards demands by France and Italy for EEC concessions to protect their Mediterranean farmers from competition by prospective new Community members like Greece, Portugal and Spain.

Draft S. Africa code drawn up

BY OUR OWN CORRESPONDENT

BRUSSELS, Sept. 6

A DRAFT code of conduct for the South African subsidiaries of European companies, similar in many respects to the one introduced in Britain several years ago, was agreed here to-day by senior officials of EEC Foreign Ministries.

Montefibre rescue plan inadequate, say French

By David Curry

PARIS, Sept. 6

THE FRENCH government has decided to turn the attempt of the Italian Montefibre company to close down the synthetic fibre plant operated by Montefibre, its textile subsidiary, in the Vesges into a diplomatic issue with Italy.

Italy repays Bundesbank loan as its economy grows stronger

BY PAUL BETTS

ROME, Sept. 6

ITALY HAS paid back on schedule \$500m. to the Bundesbank. This represents the first tranche of a \$2bn gold-backed loan granted to Italy by West Germany in September 1974 and renewed last year, the Italian Treasury said.

Barre considers election tactics

BY ROBERT MAUTHNER

PARIS, Sept. 6

M. RAYMOND BARRE, the French Prime Minister, who has lately been much more active on the economic than on the political front, today began consultations with leaders of the Government coalition parties on their joint tactics for the campaign leading up to next spring's general election.

Greece plans 5% growth

BY OUR OWN CORRESPONDENT

SALONICA, Sept. 6

THE GREEK economy will grow 4.2 per cent this year, according to an estimate by the Greek Government, which has set a target of 5 per cent for 1978.

Moscow offers Airbus talks

MOSCOW, Sept. 6

THE SOVIET Union has offered to start talks with French authorities seeking to introduce the European Airbus on the Paris-Moscow service, the official Tass news agency said.

FRENCH FOREIGN POLICY

Somersaulting over Africa

BY ROBERT MAUTHNER-IN PARIS

FRENCH foreign policy has lately been turning some characteristic somersaults. Many would say it was high time for it to have been apparent that French policies in the two areas currently subject to an agonising reappraisal—Africa and disarmament—have been painfully inconsistent.

in place in France and that plutonium extracted, which could be used in nuclear weapons, will not be returned to South Africa. The Anglo-Saxon "under-arms" conditions, if South Africa is to-day can produce a nuclear bomb, it is largely thanks to the development of a new uranium enrichment process by Professor Becker of the Karlsruhe Institute of Technology.



Louis de Guiringaud, a geography lesson.

Texas Commerce Bank advertisement including consolidated statement for 30th June 1977, board of directors, and contact information for London, Houston, Nassau, New York, Mexico City, Tokyo, Bahrain.

CONTRACTS AND TENDERS

THE HASHEMITE KINGDOM OF JORDAN JORDANIAN ARMED FORCES ROYAL MEDICAL SERVICES KING HUSSEIN MEDICAL CENTRE

Tenders are to be invited from experienced contractors for works associated with the modernisation and expansion of the Catering and Laundry facilities at the King Hussein Medical Centre, Amman.

1. Civil and building work with mechanical electrical services.
 2. Supply and installation of specialised catering equipment.
 3. Supply and installation of specialised laundry equipment.
- Tenders may be submitted by contractors willing to undertake all work covered by categories 1 to 3 above, with the suppliers and installers of the specialised catering and laundry equipment being sub-contractors. Alternatively tenders may be submitted for the individual categories such that the employer will enter into separate direct contracts with contractors willing to offer tenders only for either category 1 or work in category 2 or category 3. Contractors may submit tenders for more than one of the three categories.
- Tenders for work in category 2 or category 3 will only be considered from manufacturers who can demonstrate their ability by the successful completion of comparable schemes and will be required to provide with their tender submission certified documents to meet the following criteria:
- (i) Previous experience of major hospital requirements involving both the supply and complete installation of equipment.
 - (ii) Details of staff training capability in respect of equipment utilization and maintenance requirements.
 - (iii) Details of local maintenance and spares availability.
 - (iv) Comprehensive details of company financial status.
- Tenders for civil and engineering work will only be considered from their contractors who are registered and classified as first class with the Ministry of Public Works, Jordan.

Where it is intended to employ sub-contractors for substantial sections of the work then similar details to those requested above must be provided.

Tenders will be based on designs and specifications prepared by the consultants appointed for the design and supervision of the works and the successful tenderer(s) will be required to carry out the works on a fixed basis.

Interested firms or would-be tenderers may examine the tender documents at either of the following addresses as of the first of September, 1977:

1. Chairman of the Prequalifying and Awarding Committee, General Headquarters, Jordanian Armed Forces, King Hussein Medical Centre, Amman, Jordan.
2. W. F. Johnson and Partners, Architects, Consulting Engineers, Quantity Surveyors, York House, Clarendon Avenue, Leamington Spa CV33 9PZ, Warwickshire, England.

Duplicate copies of the tender documents can be obtained on application and by the payment of One Hundred Jordanian Dinars (One Hundred and Eighty Pounds Sterling) at the same address. Closing date for application 21 September, 1977.

COMPANY NOTICES

COMPAGNIE FRANCAISE DES PETROLES
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US\$1,032,000 of the issue due for redemption on 15th October, 1977 has been repurchased in the Market.

The amount outstanding after 15th October will be US\$10,828,000.

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NOTICE IS HEREBY GIVEN that the Register of the Ordinary Shares will be closed from 7th September to 30th September 1977 inclusive. In this regard, the following information is given:

1. The ordinary shares of £1 each, not being shares in the new class of shares, will be entitled to a dividend of 10% on the amount of £1 each, payable on 30th September 1977.

2. The ordinary shares of £1 each, being shares in the new class of shares, will be entitled to a dividend of 10% on the amount of £1 each, payable on 30th September 1977.

3. The ordinary shares of £1 each, being shares in the new class of shares, will be entitled to a dividend of 10% on the amount of £1 each, payable on 30th September 1977.

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MINI-COMPUTER FOR SALE

Wang 2200S, 8K words, Dual Cassette Storage (76K each tape), Logibit Matrix Printer. All units under two years old. Available with or without Software Support and/or maintenance contract. Suitable for scientific, business or administrative work.

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WORLD TRADE NEWS

Invisible earnings soar to £1.5bn.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE financial institutions of the City increased their net invisible earnings by 31 per cent to £1,544m last year.

This is disclosed in the Central Statistical Office's 95-page analysis of the Bank of England's payments for 1976-77—the Pink Book—published yesterday, which also contains details for the net balance with the EEC and of private investment.

The net invisible earnings of the City, including insurance, banking, commodity trading, brokerage, and investment and unit trusts, have nearly doubled from the £807m surplus of 1974. The growth of the past two years reflects both the impact of the sharp fall in the sterling exchange rate and increases in the volume of business.

In 1979 the largest growth came from banking, where net earnings exactly doubled to £408m. This was the result not only of a big jump in earnings from the City's major banks, but also of a fall in interest payable overseas on borrowing in sterling.

Net earnings of insurance institutions increased by 32 per cent to £608m, with a particularly sharp rise in the brokers' contribution of £20m to £134m. Lloyd's earnings increased from £217m to £279m last year.

However, net earnings on commodity trading rose by only £4m to £247m, and the overseas income of the Stock Exchange fell slightly from £19m to £16m.

Among other invisible items, the earnings of the construction industry, consulting engineers, architects and quantity surveyors, were £466m last year—£173m more than in 1975 and nearly four times higher than in 1972.

Britain's net deficit on current account with the rest of the EEC narrowed slightly from £2,444m to £2,266m last year. The entire improvement came on visible trade where the deficit is now £1,181m, compared with £1,618m in 1975, £2,144m in 1974, and £1,489m in 1973.

Inward investment has also had a favourable impact on the balance of payments mainly because there have been large inflows for exploration and

development of the North Sea oil industry and, as yet, few profits have been earned on these investments and distillate exports. But this has started to change so far this year with the build-up of North Sea production.

On visible trade, the Pink Book shows how the increase in the deficit of £368m last year to £3,376m reflected an £84m rise in the net deficit on minerals, fuels and lubricants and a £693m jump in the net deficit on basic materials. These factors, together with a slight increase in the net deficit on food, beverages and tobacco, more than offset a £1,276m rise to £8,055m in the surplus in trade on manufactured goods.

The surplus on manufactured trade rose by about £3bn between 1974 and 1976 at the same time as the total visible deficit narrowed by £1,628m.

The United Kingdom Balance of Payments 1966-76, the Pink Book, HMSO, price £3.95.

Chinese buy oil rig from North Sea

By Ray Dafter, Energy Correspondent

THE Chinese oil industry bought a North Sea drilling rig from a major market for U.K. rig suppliers.

The semi-submersible Boryn Dolphin, which is used on Occidental's Piper 15, is to be used to drill off the coast of China where rare gas is thought to be many times greater than those in the North Sea.

Fred Olsen, the Norwegian owner of the rig, confirms that a deal had been struck with the Chinese Government. The cost of the rig has not been disclosed.

Boryn Dolphin, which is currently drilling in the western sector of the North Sea, was built in 1975 by the Group of Norway. The propelled vessel is equipped to operate in up to 1,500 feet of water.

A group of Chinese engineers has already visited the U.K. view British offshore technology under the auspices of the British Trade Council. A spokesman for the council said yesterday that another Chinese delegation was expected in London, although a date had not been fixed.

At the same time it is known that the Chinese have approached British engineering companies seeking information about North Sea exploration and development work. Government's Offshore Supply Office, which has been in touch with Chinese delegations, is watching the exporting potential arising from China's programme.

A recent Central Intelligence Agency report suggested that China's onshore reserves of amount to about 40bn barrels roughly the same as reserves in the U.S. A similar amount of oil could lie beneath offshore China.

The report pointed out that China would need to acquire western technology more rapidly if it was to make the most of its oil wealth. Up to now China has had a policy of self-reliance which has permitted the purchase of limited foreign technology but has eschewed joint ventures.

Tariff cuts proposed in Japan talks

TOKYO, Sept. 6.

THE U.S. has proposed a uniform 60 per cent cut in tariffs accelerating the Tokyo round of trade and tariff negotiations, according to Japanese Foreign Ministry sources.

However, Japan has called for larger reductions in higher tariffs and smaller cuts in lower tariffs.

The discussions continue tomorrow, touching on tariffs on agricultural products, non-tariff measures and amendment of emergency import restrictions.

Informal sources said U.S. representative Alan Wolff, President Carter's Deputy Special Representative for Trade Negotiations, was likely to raise the question of Japan's trade surplus.

This reached \$5.5bn last year and an estimated \$3.03bn in the first half of 1977.

U.K. investment sought by U.S.

BY LORNE BARLING

COMPARATIVELY low labour costs in the United States and the need for more investment have prompted increased activity by local interests in the U.S. to attract European companies.

Although West Germany has been in the forefront recently with major investment planned by Volkswagen to manufacture cars, U.S. interests are to visit Britain soon, one from Missouri and the other from Tennessee.

Already Missouri is attracting foreign investment at a record pace and the 12-man mission, made up of state officials and businessmen, aims to increase this further. In the state there are at present 35 foreign-owned manufacturing plants.

British companies operating there include Plessey Couplings, R. T. French, a subsidiary of Rockitt and Coleman, and Vita Food Products Inc., a subsidiary of British American Tobacco.

The Missouri mission, which arrives in the U.K. on September 11, will also visit West Germany, France and Switzerland. The Tennessee mission, which will depart for the U.S. on September 26 and will be led by Governor Ray Blanton.

"We are exploring markets, making contacts, identifying needs and developing all we can do to improve upon good foundations already laid for international development in Tennessee," said the mission's director.

It added that trade and investment opportunities are available to improve upon good foundations already laid for international development in Tennessee.

Appledore in \$1m. study for India

By K. K. Sharma

APPLEDORE Shipbuilders of British India has secured a \$1.2m. contract for the Indian government to investigate two sites for a new \$90m. shipyard.

The British company will study the sites and recommend the one best suited to the plan. The sites are located at Bahira in Gujarat State in western India and at Paradip in Orissa State in eastern India.

The proposed shipyard will build ships from 36,000 dwt to 65,000 dwt.

THE British furniture industry's exports for the first six months of this year totalled a record £106,981,000 says Mr. David Mitchell, chairman of BFM Exhibitions which organises the annual International Furniture Show. The figure up to the end of June was 61 per cent up on the first half of last year, for which the comparable amount was \$2,880,000, he said.

In 1976 the industry's exports broke the £100m mark for the first 13 months.

Much of this year's success is considered to be due to the results at the last Furniture Show at Earl Court.

Swedish call to lift imports

TOKYO, Sept. 6.

SWEDEN asked Japan to import more Swedish goods to help correct a trade imbalance. The Japanese favour a one-day trade consultative meeting today, AP-DJ reports.

Johan Nordenskiöld, Vice Minister of the Swedish Ministry of Trade, told the meeting that Sweden is urging Japan to increase its exports and asked Japan to cooperate.

The Japanese delegation was led by Bunroku Yoshino, Deputy Vice Minister of the Foreign Ministry.

Industry officials said Japan and Sweden will continue discussions on ways of promoting trade relations between the two.

Ericsson gets \$30m. worth of orders

STOCKHOLM, Sept. 6.

L. M. ERICSSON has received new orders worth \$29.9m. from three Latin American countries. The biggest order, from Colombia, involves equipment worth \$22.7m. for new installations and enlargement of 14 telephone stations in Bogota and Barranquilla.

From Bolivia Ericsson received an order for three telephone stations and deliveries of cables and telephone sets worth \$1.1m.

Argentina has ordered one telephone station worth an estimated \$3.1m.

AP-DJ

Second-hand ships fetch over \$127m.

By David Fried, Industrial Staff

CHINA is taking advantage of the low prices for second-hand vessels by going on a buying spree.

Shipstats, the London shipping statistics consultants, says it has since May the Chinese have acquired \$127.44m. on a total of 33 second-hand vessels amounting to 573,000 deadweight tons.

The Chinese seem to be interested in good quality vessels, between 10 and 12 years old, generally about 10,000 dwt, although one British liner company has sold them for 7,000-tonners.

They have also bought eight bulk carriers of between 20,000 and 40,000 dwt, two from Britain and six from Norway.

The Chinese have in the past been steady buyers of second-hand tonnage, but they have been inactive in the market in the last year or so.

Their return to the market indicates their feeling that second-hand prices, depressed by the consistently poor performance of the freight market, have just about touched bottom.

The Chinese have had several inspection teams looking at the world market, particularly in Europe. Shipstats says that the total amount of tonnage the Chinese are after is not known. They are, however, still looking at more vessels, so their shipping list is not yet complete.

Serek Czech contract

A SECOND major contract has been won in Czechoslovakia by Serek Controls of Leamington Spa, Warwickshire. Tending £240,000, it covers supply and installation of a telemetry and remote control system for a new Czechoslovak missile plant at Litvinov to Kratupy liquefied gas pipeline.

Arctic gas tanker bids

THERE ARE now 13 or over LNG tanker building experience bids in to build the two LNG tankers from Japan bidders are Kawasaki and Mitsubishi. The bid for the two tankers is worth \$175-200m.

The bids from Europe (including Scandinavia): Wärtsilä of Finland, A. G. Wosor, of West Germany, Chantiers d'Atlantique of France and Kockums of Sweden. Only Chantiers d'Atlantique and Kockums have actual Brunswick.

Tank laser system

WEST GERMANY has selected Krupp Atlas-Elektronik of Bremen to provide a laser tank fire control system for its production version of the Leopard 3 tank.

LEBANESE INDUSTRY

Post-war liquidity hurdle

BY ANTHONY McDERMOTT, RECENTLY IN LEBANON

THE FIRST Arab in-depth study of the prospects facing industry in Lebanon after the two-year civil war concludes that political stability and security must be established first if economic and industrial life is to return to the country.

Although there are signs that the Cairo Agreement which governs the presence of Palestinians in Lebanon, could be put peacefully into action, and that this would mark a political turning point, it is clear from the bleak picture painted by the report that it will be a protracted struggle before industry reaches its pre-war production capacity.

The report was prepared by the Arab Centre for Industrial Development (ACID), one of the Arab League's institutions, after a three-week visit by a delegation to Lebanon. The aim of the mission, which was ordered by Arab industry ministers, was to provide a detailed picture of Lebanon's industrial sector on the basis of which Arab countries could determine the volume of aid needed.

Evaluating the damage done to Lebanon's industry by the war, the report concludes that, according to conservative estimates, direct damage cost around 15 per cent of the total capital invested in the industrial sector of this country. This was caused by the destruction of factories, machinery and stock either through the fighting itself or by fires and looting.

But the ACID report also estimates that the war has caused some 25 to 40 per cent of investment was caused indirectly by the disruption and paralysis which prevailed during the war, and which have given rise to a formidable array of problems hampering the resurgence of industrial activity.

Most prominent in the industrial sector's catalogue of woes is the liquidity problem. Though with damaged premises have to raise the cash to fund repairs and at a time when building costs

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AMERICAN NEWS

Alaska sues North Slope oil producers over royalties

ALASKA has filed a suit against 18 North Slope oil producers seeking to clarify the methods...

U.S. Steel tightens the managerial belt

U.S. STEEL, the largest company in the American steel industry, has asked 10,000 white-collar management executives to forego a cost of living pay increase...

Panama pact initialed

AMERICAN and Panamanian negotiators today initialed the new Panama Canal treaties...

Venezuela oil tax claims

THE VENEZUELAN Government and foreign oil companies here have been embroiled in a sudden surge of publicity...

Peruvians free journalist

MR. NICHOLAS ASHESHOV, a British journalist and the Financial Times correspondent in Lima, was released by the Peruvian State security police...

Mr. Asheshov said today that the police asked him about an article in the monthly magazine 'Andean Report'...

GREENLAND'S RESOURCES

Oil generates political heat

BY HILARY BARNES IN COPENHAGEN

THE 15,000 Greenlanders who form the resident population of the world's largest island are wholly dependent on subsidies from Denmark...

Transferring

During the past 25 years the Danes have made a massive effort to provide the islanders with standards of living which compare with those in Western Europe...

Greenland home rule will be similar to Faroes home rule with foreign policy and defence among the major matters retained for determination by the Danish Government...

The Danish government has taken decisions against the express wishes of a majority of Greenland's elected leaders...



Provincial Council approved the concessions to the oil company in 1973, and there is probably still a majority in favour of the oil policy in principle.

The Siumut movement has also been at the forefront of the discussion in the Home Rule Commission over who should have what rights over mineral resources.

The Government refused to postpone drilling, arguing that a blow-out from trial drilling was exceedingly unlikely and that safety precautions were rigorous.

Resentment

The Danish government has taken decisions against the express wishes of a majority of Greenland's elected leaders...

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HOME NEWS

Money supply growth slows in August

By Michael Blanden

THE GROWTH of the money supply may have slowed slightly last month in spite of the inflows of funds from abroad and further modest underlying growth in bank lending.

The figures for mid-August, published by the London clearing banks, indicate that the basic trend of their lending is continued. But after allowing for seasonal influences, the rise was only some £100m-150m, a slower rate of growth than the monthly increases seen earlier in the year.

The pointer to money supply given by the statistics published by the Bank of England showing the eligible liabilities of the banking system as a whole, these rose by £604m during the six-week period to £27.7bn.

These liabilities represent the main deposit funds of the banks and are an important component of sterling money supply on the wider definition (M3).

The rise in money supply is affected by other factors, including seasonal adjustments. Nevertheless, the increase in eligible liabilities last month was less than the £811m recorded in the previous five-week period, when sterling M3 rose by 1.3 per cent on a seasonally-adjusted basis.

In line with the £7.7bn limit officially set on domestic credit expansion for the current financial year, the target growth range for sterling M3 is 9 to 13 per cent.

The figures suggest that the effect of the strong inflows into the U.K. in the earlier part of the August banking month was at least partly offset by the official success in selling gilt-edged stock.

The banking statistics also indicate that the clearing banks saw relatively little growth in their business in a period when interest rates generally were beginning to move down again. There are some signs that there was a rather greater increase in lending at other banks.

The slow growth of bank deposits led on August 11 towards the end of the banking month—to the official decision to suspend the operation of the so-called corset restraints on the banks' growth.

The London clearing banks report that during the month their sterling advances to the U.K. private sector fell by £29m. The drop, however, was less than would have been expected at this time of the year, and taking account of this and other factors, there seems to have been some underlying rise in lending.

This was concentrated primarily in the agricultural and personal sectors, and to a lesser extent in manufacturing industry.

Sterling deposits of U.K. residents dropped by £229m. But this was mainly due to special factors, including a run-down of public sector balances which had been temporarily inflated in the previous month. Allowing for these influences, there seems to have been little underlying change in private sector balances.

The recent upward trend of lending is confirmed by the quarterly breakdown also published by the London clearing banks. This shows a rise of £832m to U.K. residents over the three months to mid-August, about twice the amount which would have been expected on seasonal grounds.

The increase was largely in the manufacturing sector, up by £487m, in agriculture (up £134m) and among personal borrowers (up £187m).

Clearing tables. Page 33

Country buses seek 20% fare increases

By Christopher Durin

PASSENGERS in the Home Counties may face fare increases of up to 20 per cent after October, following an application yesterday by London Country bus services to the Traffic Commissioners.

Nine months ago fares went up by 10-15 per cent.

London Country, a subsidiary of the State-owned National Bus Company, wants to put fares to rural areas up by 20 per cent, and prices on urban routes by an average of 14 per cent.

Poor support by local authorities is the main reason for the price increases.

Mr. Derek Fytche, managing director of London Country, said: "The support needed by us from local authorities has not been realised by about 20 per cent at a time when we are investing heavily in new vehicles and servicing facilities."

Mr. Fytche said that the network which is showing an operating loss of over £2m, a year, asked Home Counties councils such as Kent, Surrey, Herefordshire and Essex for £3.5m in subsidies.

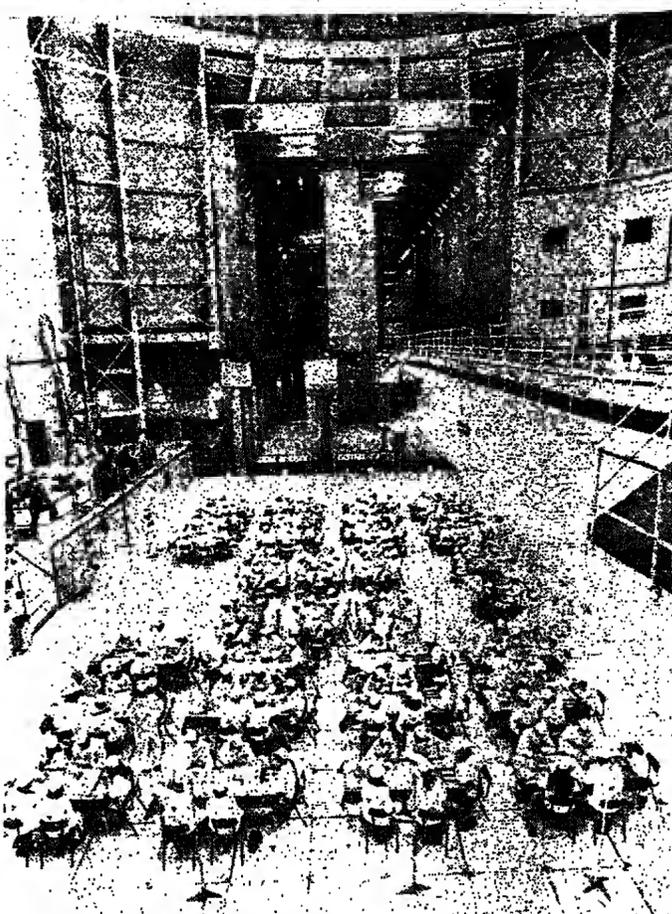
"We regret very much having to make this application for higher fares," Mr. Fytche added. "But we are required by the Government to break even." He added that London Country bus was also facing higher operating costs as well as a shortfall in revenue on some routes.

Under the new fare structure, passengers on rural or uneconomic services will have to pay more than travellers in urban areas.

"However socially desirable rural services are, in some cases they cost twice as much as the fare revenue to operate," Mr. Fytche said.

The introduction of higher fares for rural bus services three months after the publication of the Transport White Paper, which stressed the importance of services and called for extra financial support for country bus services.

National Bus Company said last night that it was not beyond the bounds of possibility that other bus companies would also lodge applications for fare increases because of poor support from local authorities.



With one eye on the gelger counter and the other on the dice, 120 quaffers yesterday played the first two rounds of the British Monopoly Championship on a live nuclear reactor pile.

For the winner of to-day's final rounds, in which the last 12 are competing, the gambling will not be over. He will represent Britain at the world championships to be staged next month in Monte Carlo.

The organisers of the British championship, Waddingtons' House of Games, chose the nuclear pile at the Oldbury-on-Severn power station near Bristol as the venue to correspond with one of the properties on the board, the Electric Company.

Which was tough luck on the contestants, each of whom had to don protective clothing before setting down to the game and so through a decontamination wash afterwards.

But things could be worse. In some future year, no doubt, Waddingtons will become inspired by the square marked "Go to jail."

Aberdeen strike will hit oil rigs

By Our Aberdeen Correspondent

ABERDEEN, the U.K.'s premier oil rig supply base for the North Sea, is likely to remain at a standstill until Monday because of a dockers' dispute.

The stoppage will have an immediate effect on cargo scheduled for delivery to offshore installations, as operators will have to re-route through Norway or Holland, or cancel shipments.

Yesterday, however, the dockers in dispute with their employers, Aberdeen Stevedoring, over the 12-month pay rate were trying to ensure that no other British port would handle rigs diverted from Aberdeen.

The dispute began after submission of a wage claim back dated to the end of 1976, which dockers said would happen at the time of signing their present agreement last December.

According to port employers, however, this would breach the Government's guidelines on pay policy. They felt that the new agreement should start from the end of the present agreement on December 5.

A complete stoppage of work at the beginning of the week resulted from the employers' refusal to accept the dockers' overtime ban and work-to-rule in support of their claim as "normal working."

Mr. Mel Kennan, TGWU docks officer, said yesterday: "The men are prepared to work on the normal 8-to-5 rota, but not overtime, and the employers say it's normal work according to custom and practice or nothing. The ball is in their court."

Aberdeen Stevedoring said: "It all hinges on pay. If the Government were to review the situation so that we could raise pay before the 12 months are out, we would do so. At the moment we are stopped by Government legislation."

Also caught up in the standstill are the P & O Orkney and Shetland services which returned to normal only a week ago after a strike by Merchant Navy officers and are crucial at this time of the year for the islands because of the export of cattle and sheep to the mainland.

New way to look inside the body demonstrated

By David Fishlock and Peter Cartwright

POWERFUL new method of medical diagnosis which may allow the doctor to look deep into the body without exposing to harmful radiation, such as X-rays, was demonstrated to the British Association meeting at the University of Aston, Birmingham, yesterday.

The technique, described by P. Mansfield of the University of Nottingham, produces an image of different kinds of living tissue, differentiated by amount of water that the tissue contains.

In any matter, for example, contains nearly 90 per cent water, muscle 80 per cent, the brain about 70 per cent, and the liver only 15 per cent.

But other factors influence water content of tissue, including, illness, nutrition and age, so water distribution measured in this way might become a valuable supplementary aid in diagnosis, Dr. Mansfield said.

His technique, called nuclear magnetic resonance (NMR), involves placing the tissue to be "imaged" within a strong magnetic field. Because of the presence of water molecules, the tissue becomes weakly magnetised. The strength of the induced magnetism depends on the density of water molecules present.

NMR imaging is essentially a way of measuring variations in the strength of magnetism induced across a section of the body. Dr. Mansfield showed an NMR image of a cross-section of a colleague's finger, built up by line-scanning, displaying "almost textbook anatomical detail of the soft tissues and bone. Nerves, artery and bone marrow could be seen."

He also demonstrated that it was possible to differentiate clearly between normal tissues and tumours.

His department had plans, he said, to extend the NMR technique for whole-body imaging of patients, with the support of the Medical Research Council.

British Association meeting

Drug research making progress

Cancer treatment trials 'promising'

British baked bean hopes

Cheap solar heat potential

HALF OF all cancer patients as an "effective way of treating the primary tumour locally," Professor Fowler discussed several new techniques now beginning to show promise, including combinations of rays with drugs or other treatments.

Preliminary results of the Medical Research Council's experiments with fast neutron beams at Hammersmith Hospital, London, were "extremely promising," especially when combined with treatment in high-pressure oxygen.

About two dozen neutron generators were now beginning to go into clinical use worldwide. But it would be "a few more years" before the relative importance of certain side-effects became clear.

Reviewing radiation therapy for hot water in the average house, the cost of installing solar panels was about £500-£700—making it uneconomic. But a 100 cubic metre water store for a three-hydrooned house to hold heat from summer to winter would improve the ratio—if it was cheap enough.

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Stocked up for success

By John Lloyd, Industrial Staff

IT IS so ironical that just as the car market is in a buoyant mood the only manufacturers able to take advantage of the position are the foreign ones.

Hit by strikes, the British companies have been unable to stock up the showrooms in time for the start of a new registration letter inevitably brings at the start of August. But the foreigners could—and did. And so they captured 50.78 per cent of the market.

At the beginning of August, foreign car distributors had more than 220,000 models in their showrooms, double the number that, based on past market shares, they could expect to sell. By contrast, British Leyland had about 70,000 cars with their dealers—barely enough to cover their 27 per cent target share.

Main Ford dealers, too, were starved of cars—the result of a three-week strike in June, and of factory closures for holidays in July and August. Ford dealers had a stock of fewer than 30,000 cars—Ford reckons 80,000 is the minimum which they should have.

Because of their supply problems, both British Leyland and Ford forecast a big market for imported cars. Ford's forecast, of an 18 per cent market share for its models, was remarkably, it is felt, accurate. Overstuffed dealers are under heavy pressure to sell in the motor trade, that pressure translates itself into a readiness to make marginal deals, giving generous prices on trade-in cars in return for an assured sale. Understocked dealers, however, indulge in what is known as "selective selling"—refusing any but the most easily marketable second-hand cars as trade-ins.

Leyland, Ford and their dealers report that shortage of cars has meant very selective selling, or indeed none at all. Mr. John Barton, managing director of Brew Brothers, one of the biggest Ford main dealers, said that he had a waiting list of several hundred customers.

"Of the 300-400 cars on order, only six or seven are unsold. A customer who comes into the showroom will specify a car, and I shall tell him that he has to wait three or four months to take delivery. But he can walk into a foreign distributor and drive away."

Ford dealers are also pessimistic about being able to take advantage of any shortages which might develop in the supply of foreign vehicles. H. and J. Quick, the Manchester-based Ford dealer, which recently reported record sales, points out that demand for Ford products remains strong, but there have been constant delays in obtaining cars.

The two foreign manufacturers who have done best in August are Datsun, whose 84 per cent share beat Chrysler into fifth place, and Fiat, whose 5.9 per cent share was an 88 per cent improvement on its performance over the same period last year. Renault and VW/Audi, the next most popular foreign cars, had roughly stable shares.

Datsun attributes its success to "availability and reliability." "We admit we're not up to scratch when it comes to style," said a representative. "But I think people associate our models with lack of trouble."

Datsun dealers in various parts of the U.K. confirm this, and of an add that the models attract customers initially. Some Datsun customers are returning for their third or fourth models.

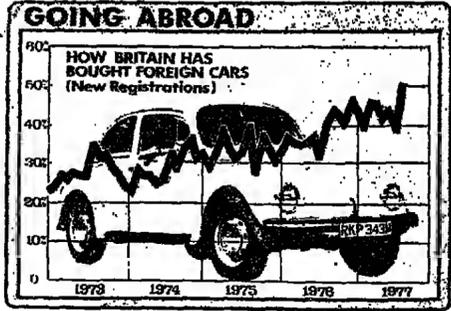
One Manchester Datsun dealer, who had recently switched from Leyland, said: "It makes a change not to have to deal with customer aggro any more. People come in. Instead, in say how well their cars are running."

A Datsun main dealer in Glasgow, Mr. Joseph Jesner, said that his customers were not deterred by the higher price compared with a similar British car, or with the higher cost of insurance. Spares were easily available, and back-up service was good.

"With a British car you are looking for a replacement engine after 50,000 miles. With Datsun, we have just about forgotten how to put a new engine in."

Datsun's most popular models are the Sunny and the Cherry, 1200cc cars which compete in the small car market. A Cherry sells for between £2,000 and £2,318, and a Sunny for £2,269 to £2,840. At the top end of this market, the Datsun 2602 costs £5,500.

Fiat, too, is renowned that availability gives the company the edge over British manufacturers, especially British Ley-



News Analysis CAR IMPORTS

land. Fiat has launched an aggressive sales campaign, stressing economy and performance. The company said it had gone far more on the offensive over British sales in the past year. "We wanted to build our share from 3 per cent, to what we feel is our natural level, at 5 per cent of the market."

Fiat's most popular models are the Mirafiori 1300 and 1600, which compete in the family car market with Corolla and Marina. The small 127 is the next most popular model.

Fiat also thinks it is more price-competitive than its British rivals. A Mirafiori 1600 retails at £2,457 against a Corolla 1300 at £2,716. A 127 sells at £2,239, against a Ford Fiesta at £2,443.

Back-up service and spares are given high priority by the major foreign car companies, and all mention it as a factor contributing to their success. Each of the four main companies—Datsun,

Flat Renault and VW/Audi—has sales between 300 and 350 dealers. Usually exclusive, Fiat is currently boasting its dealership to more than 400.

While it is obvious that foreign manufacturers have in general managed to convince British motorists that their products are at least as good as domestic models, the Automobile Association yesterday offered some comfort to the U.K. car industry.

The AA man said that where it had long been the case that foreign cars were more economical to run than British cars, a survey by the association's Drive magazine last month showed that British cars were in general significantly cheaper.

"I think most people still believe the foreign cars are cheaper. Once the fact sinks in that our cars are by and large lighter on petrol, I expect it will have an effect on sales."

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مكتبة الأمل

HOME NEWS

Leyland division profits up 50%

By Kenneth Gooding, Industrial Correspondent

BRITISH LEYLAND'S specialist engineering division... Special Products, pushed profits before interest and tax ahead by 50 per cent. to £9.3m. on sales up by 34 per cent. to £103m. in the first half of this year.

One of the surprises in the results is that the Conveyancer forklift truck business, acquired for £1m. from Rubery Owen in April, made a profit of £300,000 on sales of £3.9m. since the takeover. An initial loss had been forecast.

The division promised at the time of the deal to inject a further £7m. into Conveyancer this year.

The half-year results, circulated in a confidential document among Leyland Special Products directors, show capital spending—excluding the cash spent on acquisitions—rose by 60 per cent. to £3.3m. in the period compared with the first six months of last year.

Order intake also went up by 60 per cent. This increase in orders "lays the foundation for the group to exceed its planned sales and profits for the full year," says Mr. David Abell, the managing director.

Mr. Abell warns that incipient difficulties in connection with the next phase of the pay policy are a cause for concern in some areas as is the relative strength of sterling despite a continuing high level of domestic inflation.

Leyland Special Products is the eighth largest of the U.K.'s specialist engineering groups.

During the half year its construction equipment division made a profit before interest of £2.9m. (1976: £2.3m.) on sales up from £21.3m. to £27m.

The Coventry Climax forklift truck business (including Conveyancer and Shawloader), increased sales from £9.7m. to £12.2m. and profit rose from £500,000 to £1.4m.

Prestocked, the commercial refrigeration business, saw sales jump from £11.6m. to £13.7m. and profit was up from £1.1m. to £2.4m.

The Alvis military vehicles subsidiary's sales rose from £18.3m. to £20.8m. and profits at £1.9m. compared with £1.2m.

Durables top retail sales recovery

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SPENDING IN durable goods shops rose by 81 per cent. in real terms in July, spearheading the unmarked recovery in retail sales generally during the month.

New instalment credit extended by retailers also increased sharply, totalling £200m. up from £186m. in June.

The figures were announced yesterday by the Department of Trade, which also confirmed the sharp rise in the volume of retail sales in July. Even though the revised index of 107.0 (1971=100, seasonally adjusted) was a little lower than the provisional estimate of 107.1, it was still 3.1 per cent. higher than in June.

The recovery was concentrated in sales of non-food shops—up 53 per cent. in volume during the month. The department suggests that trade may have been influenced by comparatively buoyant annual "sales" and by the postponement of some sales this year, particularly in central London, from June, until July.

Tax rebates Apart from the jump in sales by durable goods shops back to the level of last autumn, spending on clothing and footwear rose by 8.9 per cent. in the month.

There was also a 31 per cent. rise in sales of other non-food shops, including department stores and mail order businesses.

It is not yet clear how far the pickup during July merely reflects the special factor of the

concentration of annual "sales" spending or might mark the beginning of a more sustained revival. The rise in retailers' instalment credit suggests the start of a possible revival in consumer confidence.

Most economists expect that the income tax rebates and the improvement in the rate of retail price inflation will boost spending from now onwards, even if the recovery in consumers' expenditure may be small during the rest of 1977.

During the three months May to July, the volume of total retail trade was 1 per cent. higher than in the previous three months. Spending in durable goods shops was up 4 per cent., but sales by clothing and

footwear shops were little changed.

In July, the total value of retail sales was 16 per cent. more than a year earlier, on the basis of non-seasonally adjusted data. During the first seven months of the year the average value of sales was up 14 per cent.

Although lending by retailers showed a marked increase during July, finance house advances were virtually unchanged after an earlier rise.

Between May and July total advances by finance houses and retailers were up 3 per cent. on the previous three months, with finance houses lending 4 per cent. higher and lending by retailers up by 2 per cent.

Source: Department of Trade.

Table with 5 columns: Year, Finance houses, Retailers, Total, Retail volume (rev./shop). Rows for 1976 and 1977, and monthly breakdown for 1977.

Thatcher to meet Carter next week

MRS. MARGARET THATCHER, who left London yesterday on a nine-day visit to the U.S. to meet President Carter for talks at the White House on Tuesday.

During her visit to New York, Houston, and Washington, the Conservative leader is to meet other members of the U.S. Government, including Mr. Harold Brown, Secretary for Defence, Mr. James Schlesinger, Secretary for Energy, and Mr. Andrew Young, Ambassador to the United Nations.

In Washington, where she will stay at the British Embassy, as guest of Mr. Peter Jay, the Ambassador who is the Prime Minister's son-in-

law, Mrs. Thatcher will have talks with members of the House of Representatives' International Relations Committee and the Senate Foreign Relations Committee.

She will also have dinner with Dr. Henry Kissinger, the former Secretary of State.

Mrs. Thatcher, who is accompanied by her husband and Mr. Adam Butler, her Parliamentary Private Secretary, will meet business and labour leaders and is to be interviewed for three television networks.

More Home News on Page 33

Housing output rises a little in April-June

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A BROADLY-based but modest improvement in construction housing starts in the May-July second quarter of this year, according to provisional Government figures released yesterday.

The Department of the Environment calculates that the value of all construction work undertaken by contractors in the April-June period rose to £3,350m. against £3,080m. in the first three months of the year, a 1 per cent. increase when measured in constant price terms.

The industry's workload, however, was 9 per cent. lower than the level recorded over the same period 12 months before.

The latest figures will be regarded as moderately encouraging, although the industry sees little prospect of any significant improvement in its fortunes over the next year.

All the indications are that output of new building work this year will fall by about 5 per cent. from the 1976 level, which was itself 4 per cent. down on the previous 12 months.

Another reduction in work levels, possibly of about 4-5 per cent., is also expected next year.

Depressed The latest figures show that private housing output in the second quarter perked up quite considerably. On a constant price basis, contracts carried out were worth 6 per cent. more than in the first three months of the year, although they remained 17 per cent. down in value when compared with the second quarter of last year.

Public sector housing output remained depressed. New work output in the second quarter was 2 per cent. down on the preceding three months and 22 per cent. below the levels recorded a year earlier.

Other figures from the Department showed that total housing starts in the May-July period were 15 per cent. up on the previous quarter, although they were still 21 per cent. lower than in the same period of 1976.

Total completions also showed an improvement of 2 per cent. over the preceding three months, but were 6 per cent. down on a year earlier.

The Government statistics show that private sector housing starts in May-July rose by 5 per cent. over the previous quarter but were still 17 per cent. lower when compared with the same period of last year.

Completions were 1 per cent. higher than in the preceding three months but 5 per cent. down on the May-July period last year.

In the public housing sector, starts showed a 24 per cent. increase over the earlier quarter but were down by the same percentage compared with the same period last year.

Public sector completions were 3 per cent. higher than in the previous three months but 5 per cent. down on May-July last year.

Away from the housing sector, public works output in the second quarter showed a 5 per cent. fall from the first quarter of this year and was, by value, 18 per cent. down on the input level achieved in the second quarter of last year.

New private industrial output was 3 per cent. down on the preceding quarter but showed no change from the same period of last year.

New private commercial work showed a 6 per cent. rise in value over the January-March period of this year, although it was 7 per cent. lower than in the same period last year.

Union equality on pension boards attacked

BY ERIC SHORT

GOVERNMENT proposals for appointment of trade union representatives to the boards of trustees of pension funds, equal terms with managers, were attacked last night by Robert Clark, chief executive of the Hill Samuel Group.

He was speaking at a dinner in Scotland to mark the 25th anniversary of the founding of the Scottish Pension Trustees, a subsidiary of Hill Samuel's pension consultancy, Noble Lowndes.

Robert said that the proposals were misguided, inappropriate and even more dangerous than the Bullock Committee's recommendations for representation on boards of directors of those who were disinterested enough.

Sir Robert said that the proposals were in fact a step towards the institutionalisation of policies and many unions believed in direction of it into new projects.

Skilled job They could not complain, he said, to have the right to apply for jobs, but they were not to be connected with their duties, carry out political policy, regard to investments.

The Hill Samuel Group's £1.24bn. of funds under management of which almost £750m. is in pension schemes, is a highly skilled and specialised job.

Mr. Ian McIntyre, managing director of Noble Lowndes, a guests that out of 1,059 who approached so far, 812 had decided to contract out of a new state scheme starting April and only 247 had decided to stay in. This could be taken as a national trend.

North Sea oil slick breaking up

By Ray Daffer, Energy Correspondent

A NORTH SEA oil slick, covering about five square miles, was breaking up last night in the sea.

The slick was caused by an accidental spillage of 3,000 barrels of oil from the Amoco's Montrose Field, 130 miles east of Aberdeen.

Amoco said last night that there was no danger of the slick causing coastal pollution. Speedy clean-up vessels were on standby, but the slick was breaking up naturally.

Tory attacks State building proposals

BY PHILIP RAWSTORNE

LABOUR PARTY proposals for the partial nationalisation of the construction industry would destroy thousands of small building companies, Mr. Keith Speed, Tory spokesman, said yesterday.

The policy statement issued by Labour's National Executive Committee was "yet another body-blow to the industry's confidence which has plummeted to an all-time low under the present Government," he said.

Mr. Speed said: "In calling for a major extension of direct labour control by the State and the partial nationalisation of the building industry, they are proposing solutions which will do nothing to revive the flagging output of builders; but will instead increase the unfair competition

they have to contend with from direct labour departments. "Because the Government has refused to introduce new rules to improve the accounting, tendering and efficiency of direct labour departments we have no way of telling whether they are efficient or not."

Instead of toying with fanciful schemes to increase employment in the public sector, Labour should concentrate on ensuring that existing public sector building is giving value for money, which in many cases at the moment it is clearly not."

Tourist drive A CAMPAIGN is being launched in Cornwall to attract more West German visitors next summer.

World economy model released

BY OAVIO FISHLICK, SCIENCE EDITOR

A COMPUTER model of the world's economic system and use of natural resources, named SARUM 76, has been released as a report by the Department of the Environment, as its answer to the much-criticised efforts of the U.S. authors of Limits to Growth.

That report, published in 1972 by the Club of Rome, was the first major attempt at world modelling.

Results of applying the model to specific problems are promised by the department "in due course." It is releasing the model in advance of a Royal Society

meeting on October 3 on the subject of "Future research and the System Analysis Research Unit model (SARUM)."

SARUM 76 is designed to answer questions of the type: "What will be the consequences if we adopt this policy option? How accurately it will answer, say the authors, depends on whether the structure is an accurate representation of the economic system, and on the accuracy of the data.

The model can also be used to discover whether a particular objective is possible within a given time.

SARUM 76 is already used by two organisations abroad, the International Institute for Applied Systems Analysis near Vienna, and the Australian Government in Canberra.

Mr. Peter Roberts, head of SARUM, in an introduction advises that the "future" aspect of the model should be played down at this stage. It was more important to establish the validity of the data base, and relationships.

SARUM 76 Global Modelling Project, research report 19, Department of the Environment and Transport, £15.

Transport policy 'tinkering' attacked

By Christopher Dunn

THE GOVERNMENT'S approach to transport policy was severely criticised yesterday by Mr. Shaun Leslie, chief economist of the British Road Federation.

He accused the Government of failing to get to grips with all the main transport issues while "going to great pains to tinker with the trivia."

The Government's White Paper on transport policy was a "watery creature," which failed to demand sufficient resources for the transport sector, Mr. Leslie told a symposium at Birmingham.

The White Paper's most glaring inconsistency was the suggestion that car and lorry traffic would inevitably increase, while money for road building and maintenance would be reduced.

"By 1980, money spent on roads will be less than this year, at its lowest real level for more than a decade."

'Enforced idleness as bad as unemployment'

BY ERIC SHORT

WARNINGS of demographic pressures on unemployment over the next decade were given in London by Lord Houghton of Lowery, former chairman of the Parliamentary Labour Party yesterday, at the first day of a Financial Times and Money Management conference on Pensions next year.

He pointed out that the number of people over 65 was expected to remain stable for the next 25 years at about 9.1m. But the forecast growth in the number of those aged 18 to 24 would result in an increase of over 11m. in the available work force during the next decade with a further rise to about 50m. by 1991.

With 11m. people unemployed, there should be no surprise over trade union demands for a lowering of retirement age for men.

But Lord Houghton considered that such a move could result in enforced idleness for many workers that would be as bad as unemployment. It would be defeatism to persuade older male workers to exchange one form of idleness for another.

Future costs The problems could be dealt with only by massive increases in public expenditure. The private sector, while having a large part to play, could not possibly cope alone.

That meant housing, industry and technology by all possible means, providing generous awards for creative endeavour and making adequate provision for retirement.

Although pension fund managers had to be prudent with other people's money, more depended in the longer term on capital investment in industry, than investment in luxury flats, shops and offices.

Mr. E. James, division head of Social Security and Social Protection at the Commission of the European Communities, outlined the position at the EEC's first work of his department. There were five main areas of social security policy receiving attention.

EEC policy on social security was not aimed at introducing a standard system of social security to be imposed on all members, he said. Strict harmonisation would be

counter-productive and standardisation could inhibit progress and experimentation by individual member countries. It was felt that harmonisation should be confined to the setting of minimum standards and tidying up loopholes.

On equality of treatment between sexes the EEC was proposing to issue a directive, the first in the social-security sector, to abolish overt discrimination in public and private fields.

It would, among other things, allow women to build up pension rights during periods in which they were not actively employed, such as bringing up a family.

Pensions legislation in the U.S. was discussed in detail by Mr. George Swick, chairman and chief executive of George B. Buck Consulting Actuarial Firm, described the Public Retirement Programme under the Federal Old Age Survivors and Disability Insurance and he listed the benefits, the coverage, and the present and estimated future costs.

Mr. Swick gave considerable prominence to the Employee Retirement Income Security Act of 1974 (ERISA) and its consequences to employers and employees. He described the benefits standards required to comply with the Act and the reporting and disclosure requirements.

He said that part of the Act would lead to conflict between the opinions of the public accountant on the financial aspects of the Pension Plan and the actuarial statement prepared by an "enrolled" actuary.

Finally, he dealt with the impact of ERISA on pension arrangements of U.S. companies in a multinational organisation, and concluded by outlining briefly other legislative problems within the U.S. affecting pension provision.

How the British social security system affects the approach of multinational companies to pensioners policy was the theme of the address by Mr. R. R. Elliott, group personnel director of C.P.I., United Kingdom.

The days had long since passed when policy was based on what was done at head office. Now strict harmonisation would be

benefits that were comparable with those provided by other good employers. Most multinationals tended to follow the lead set by the more progressive companies. In directives on policy from head office much more concern was given to the financial aspects of pension policy than say benefit levels.

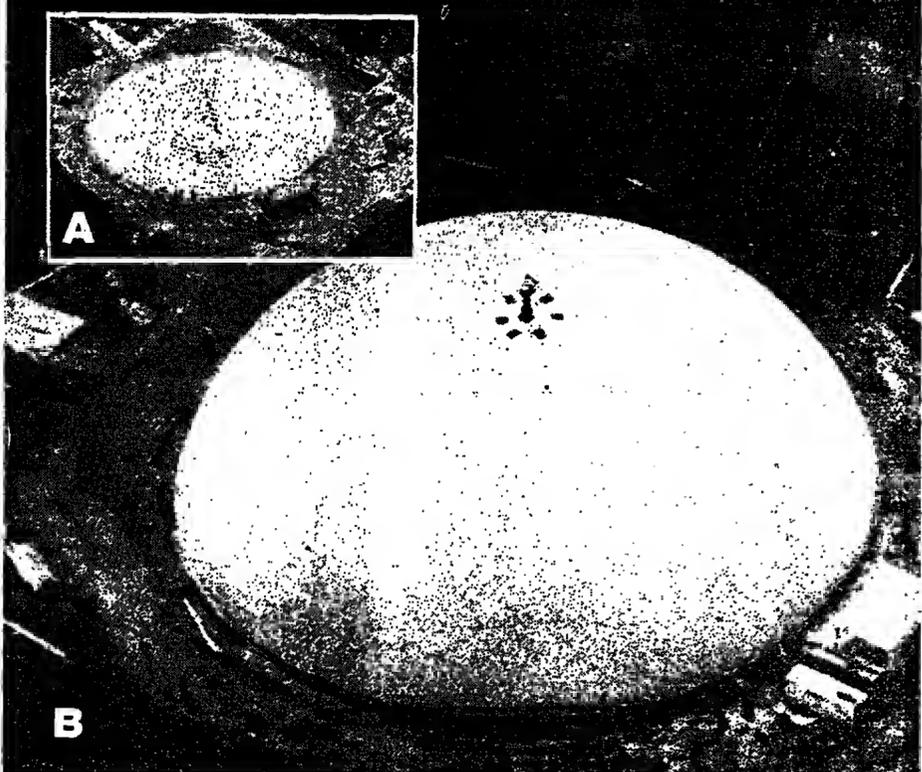
As such, integration with the state social security system was generally a strong element in such policy. In that respect, multinationals are surprised that in the U.K. most occupational pension schemes were not integrated with the state scheme or else it was done on an inadequate basis.

Mr. Max Lander, a partner with consulting actuaries Duncan C. Fraser, and the immediate past chairman of the National Association of Pension Funds, dealt with the problems facing an employer on deciding whether to contract out or stay in the State scheme.

He discussed arguments that it could be administratively simple and financially cheaper to stay. Having made a decision, employers should be bold and stick by their choice.

Mr. Lander felt that there would be plenty of time to reconsider such decisions, since there was every likelihood of further pensions legislation that would affect their decision.

The use of pension funds as a source of internal company finance was discussed by Mr.



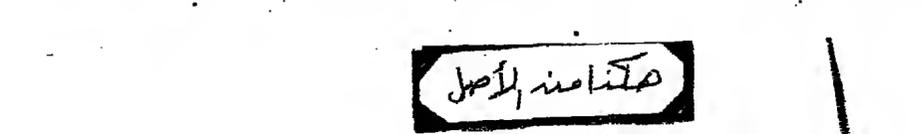
A to B in 24 hours.

The two pictures of the sports hall project for Malvern Girls' College were taken just 24 hours apart. They demonstrate one aspect of Norwest Holst's technical initiative.

The new Parashell system used introduces instant building at low cost. Concrete domed structures produced with inflatable formwork are suitable for all purposes from warehouses, workshops and offices to schools and swimming pools. It means that eight men can build in five weeks the foundations and shell of a permanent structure with a base area of 1,257 sq. metres.

Form with fields for NAME, POSITION, COMPANY, ADDRESS and a checkbox for 'Send me by return the new brochure on Norwest Holst total capability.'

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FINANCIAL TIMES Pensions for 1978 CONFERENCE

Dryden Gilling-Smith, managing director of Employee Benefit Services who said that the company pension scheme was a multi-tax haven within the U.K. and employers should treat their pension fund as such.

He advocated splitting pension schemes to maximise the returns on investments and to mitigate the impact of Government and trade union influence and supervision.

Mr. Michael Pilch, a director of Noble Lowndes and chairman on the first day of the conference, was concerned with the challenges that faced the pension industry next year.

One was the battle against bureaucracy with its inevitable time-wasting procedures that did little to help the industry.

Another was a need for far better communications within the pensions industry. It did not necessarily mean providing more information to members, but to give them better information in a form they could understand, Mr. Pilch said.

Finally, he said there was a need to justify a sense of responsibility in the wider field of retirement problems so that pensioners did not feel a sense of being unwanted.

Looking at Leicester No 19 Before you go too far—come to London's Design Centre between now and October 1 and see what Leicester has to offer.

Enquiries to: Gordon K. Smith Esq., City Estates Surveyor, New Walk Centre, Welford Place, Leicester, LE1 6ZG. Telephone (0533) 549822 Ext. 6760.

Handwritten note in a box: "Handwritten text in a box at the top right of the page, possibly a date or reference number."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOLTERS

INSTRUMENTS

Plant data clarified

TO replace a row of timing functions, data output channels and digital counters, counter reset intervals are an electronic count and output to display and record time data system from any channel can be called up on an eight digit LED display.

Outputs can be connected to external devices such as paper or magnetic tape recorders. Further, the system counts such as the closure of switches and also records accumulated data on a "roll" of paper. Up to 24 channels can be monitored in this way by a microprocessor.

If desired, two channels can be assigned to a switch to give a simultaneous record of events and the time for which they occurred. As output channels are available up to 144V, typical applications in a plant would include counting good and bad parts and the product produced per shift, totalising each machine's operational and down time, giving alarms to pin-point out of tolerance, out of stock or similar problems, preparing statistical summaries.

Bug-free flowmeter

Particularly at the time of the oil crisis, the need for accurate flowmeters in the oil and gas industries is extremely important.

The meter is simple and quick to install, equally quick and simple to dismantle for routine cleaning and inspection and is "footproof" to resist damage from debris, there being no need for special tools or equipment.

There are only three main parts: the body and two bearings. The latter are held in position magnetically so can be removed in a second or two once there are screws to deal with. The turbine rotor easily slides into the bearings and is held in place by inserted sleeves each end has a different diameter, the bearing supports are similarly machined with different diameters.

Designed for the latest "cleaning in place" techniques, the meter has bearings that are unaffected by acids or saline solutions. Also, by designing out crevices, undercuts, shoulders and other crevices, bacterial growth points have been virtually eliminated. The meter works into any of the automatic electronic read-out units. More from Cross Lancaster, Hunslow, Middlesex (01-570 7774).

Skilled job

They could not be done by a machine, the view was taken by a group of experts who have been studying the work of a group of highly skilled workers in the metal industry.

The group, which includes representatives from the industry, the unions and the government, has been studying the work of a group of highly skilled workers in the metal industry.

Meter on a chip

OF Inter's latest project, a single chip digital panel meter is available in a variety of countries, from Rapid Recall, 9 Waterloo Street, London WC2H 9JL (01-370 8741).

The chip is said to be the first to combine both the analogue and digital functions of a high performance digital voltmeter in a single integrated circuit package. All that is needed to make a meter is the chip, five resistors, four capacitors and a display (display drivers on the ic). The resulting instrument will have automatic polarity switching, zero setting and over-range indication.

Rapid Recall will supply all the items for an LCD meter for £21.50 (this includes the kit for £17.00 plus £4.50 for postage). Component values supplied with the kit are for a 200 mV full scale, but substitution for one capacitor and two resistors will produce 2.0 V full scale.

The chips employ dual slope conversion techniques to provide an accuracy of 0.5 counts within temperature limits of 10 to 50 degrees C.

North oil slick breaker

By Ray Dutton, Correspondent

A NORTH SEA oil slick breaker is being developed by a consortium of British and American companies.

There are various input options. For example, a millivolt input can be used for temperature recording from thermocouples, while current inputs can be used for monitoring plant pressure and differential pressure transducers.

Temperature recording can be effected from resistance, both sensors and for pressure, where no transducer is involved, the recorder is operated by a pressure element direct from a pressure tapping point.

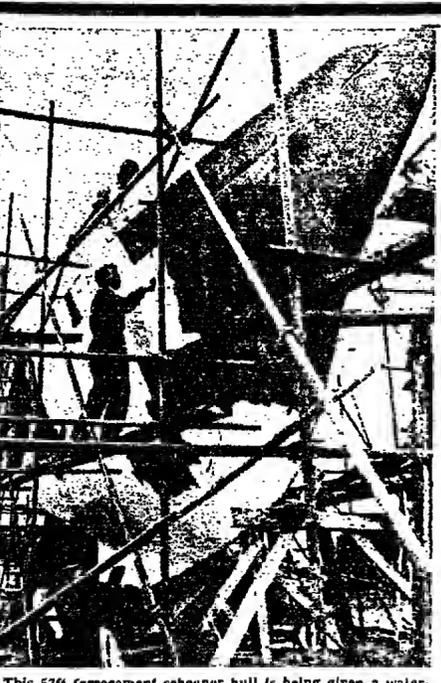
Some models are seven driven and others up to four alarm printed boards can be mounted on the upper chassis rail so that the unit can be used to perform a greater range of functions such as plant sequencing control. More from Greghy Place, East Gillibrands, Skelmersdale, WNS 9SB (Skelmersdale 23671).

TEXTILES

Bigger yarn packages

By increasing the gauge of the machine from 130 mm in the original to 210 mm in the new machine, it has meant a reduction in the total number of bobbins from 100 to only 72, but in terms of package size the machine will now produce yarn packages of 4.5 kg. By producing yarn packages that are larger and by having a greater distance between spinning positions, the S83 will now accept higher capacity cans for the input silver, while the packages are being wound with a traverse of 150 mm. This means that a count-four count can be processed remaining at 60 mm, and the normal commercial yarn count range being 2s-16s cr, while rotor speed is 60,000 rpm.

Everything else remains the same, with the maximum length that can be processed remaining at 60 mm, and the normal commercial yarn count range being 2s-16s cr, while rotor speed is 60,000 rpm.



This 53ft ferrocement schooner hull is being given a water-based epoxy resin coating which not only "dry cures" the mortar but also acts as a waterproof primer. The coating material is produced by Unibond of Camberley, Surrey, and is applied to the ferrocement mortar immediately after the latter has been applied in the vessel's steel and wire shell. This "dry cure" treatment was developed with the assistance of Samson Marine South Coast, Newton Ferrers, Plymouth.

METALWORKING

Punches and notches

COMBINING PUNCHING and notching leads on one machine, the new is the latest in the range of Arkadia sheet metal tools made by Rainer.

Sole power requirement is a standard 90 psi air line. The common power unit provides up to 40 tons thrust and up to 100 strokes/minute. The notching head produces a 90 degree notch in a single stroke using two blades. For notches of less than 90 degrees, two strokes are made using a single blade. Maximum length of cut is 150 mm, to a maximum material thickness of 3 mm. There is a re grind allowance of 5 mm on each blade.

A tool changing mechanism on the punch side of the machine allows a punch and die set to be changed in under 20 seconds. The head has a maximum depth of 250 mm, and maximum diameter that can be punched is 60 mm.

Marketing is by RK International Machine Tools, Europa Trading Estate, Fraser Road, Erith, Kent (01-504 8411).

Tiny flame for welding

MADE BY Tescom in the U.S. and marketed in this country by The British Rotherham Company is a miniature welding torch not much larger than a fountain pen.

With tip orifice sizes down to 0.003 in the torch is able to achieve flame temperatures up to 6,300 degrees C. Orifices are jewelled for precise flame control and the torch is able to cope with the majority of "weldable" metals and alloys ranging from 0.001 in wire to 16 gauge sheet. It can also successfully be used for welding other materials including glass and ceramics.

Soldering and brazing jobs can also be performed.

The unit, known as "The Little Torch," has a body made from aluminium alloy and the five interchangeable tips can be swapped through 360 degrees for maximum user convenience.

The company believes that the unit will be used in areas where, in the past the use of torches has been precluded due to the risk of heat damage to adjacent components. Likely applications are in general, electrical and electronic engineering, dentistry, medicine, and jewellery manufacture. More on 0656 740551.

SPORT

Tyre with a soft touch

NOW being introduced by Avon for trials motor cyclists is a tyre which is of an unusual three-ply construction, with one radial ply built over a two-ply cross-ply casing. With this type of construction, says Avon, extremely low pressures can be used throughout competition.

The company left the trials scene several years ago when it was producing a four-ply trials tyre which could be used at about six psi.

Avon says the latest tyre, called the Studpluser, allows the average weight trials rider to use pressures as low as 2 1/2 psi. At such low pressure, the tread remains open, the casing doing the work, thus affording extra grip on difficult surfaces.

The tyre is being produced at Avon Tyres' factory at Melkham, Wiltshire, (02216 3911).

HANDLING

Garments kept moving

EQUIPMENT imported from the U.S. for transporting and sorting completely or partly finished garments in the clothing industry is now being marketed in the U.K. by F.T. Engineering.

Devised by the Railtex Corporation of New York, the equipment is based on a conveyor system in which books are suspended by nylon-tired wheels from a tubular track which can be arranged to cover all the work stations in the factory.

When individual tasks are completed on a garment, the latter is placed on a book coded to travel to the next manufacturing stage. When completed the item is routed to the despatch department from whence it can be directed to the appropriate delivery vehicle.

More information about the equipment (called Dispatchomatic) can be obtained from F.T. Engineering at 55 High Street, Frimley, Camberley, Surrey (0276 62044).

BUILDING

Handbook to reappear

A NEW edition of BS Handbook 3, the Building Handbook, is to be published in December. It last appeared in 1975.

The handbook will contain summaries of over 1,300 British Standards, Codes of Practice and Drafts for development relating to construction and the Institution's supply of addendum year's summaries will be packets, sufficient to act as a basis for preparing drawings, bills of quantities, specifications and for checking deliveries.

The book will consist of four loose-leaf volumes, each of 600 pages in ring binders. There will be an updating service: two or three packs of amended pages will be issued each year. Cost will be £50, plus £24 for a year's supply of addendum year's summaries will be packets, sufficient to act as a basis for preparing drawings, bills of quantities, specifications and for checking deliveries.

Enquiries to Sales Department, BSI Newton House, 101 Pentonville Road, London N1 2RA.

TRANSPORT

Rail track task in Hong Kong

FIRST trials of two locomotives for use in the construction of the Hong Kong mass transit underground railway have been carried out in Leeds.

The 20-tonne battery-electric locomotives, named Henry Boot I and Henry Boot II, are to be used by Henry Boot Construction on its current Hong Kong contract. Henry Boot is to design, manufacture and, in joint venture with Gammon (Hong Kong), install the track network for the initial railway system.

Manufactured by Greenbat of Leeds, the locomotives have been designed to lay 90metre lengths of continuously welded rail in the close confines of a single-ended tunnel. These long lengths of rail will be passed over the shoulders of the locomotives from hauled bogies and laid ahead.

After being used for track laying, the locomotives will be used for maintenance duties on the fully operational system. For this application they are suitable for driving in tandem by one driver.

Each unit is self-contained with its own battery charger and compressor and is designed for use as a stationary power unit.

COMMUNICATIONS

Talk-back afloat

SPEECH intercommunications systems with decentralised control ruzedly designed for marine use are offered by Barkway Electronics.

Each master station utilizes six CMOS integrated circuits and an eight watt integrated circuit amplifier. There are two versions able to make five or 10 calls respectively, and a single-call sub-unit. These stations can be intermixed in any arrangement of master and sub station, ranging from a simple talk-back system using a five-way master station and up to five sub units, to a full intercom system using the five- or 10-way master stations.

The five-way unit is aimed at the fishing and larger sailing motor yacht market, the ten-way unit at larger vessels. All the units have flashing visual indicator call quieting and tone call warning signals and the master units have a "station engaged" signal.

Designed to work in the worst possible maritime conditions, the units have 6 mm thick nylon encased enclosures and will operate under considerable supply voltage variation. More from the company at Royston, Herts. (04384 8661).

BICC people make optical fibre cables work for Rediffusion and the Post Office

BICC people, through their work on the development and manufacture of optical fibre telecommunication systems work. Optical fibres are only a part — but an essential part — of a system that uses light instead of electric current to transmit messages.

The Post Office has installed 21 km of this BICC optical fibre cable in conventional underground ducts between its Martlesham Research Establishment and Ipswich telephone exchange for its first optical fibre system, and in Hastings 34,000 subscribers to the cable television network of Rediffusion (South East) Limited receive their television programmes daily through BICC optical fibre cables.

Both installations are significant 'firsts' for optical fibre cables, for telecommunications, and for BICC.

BICC is a lot of people, working with people — for people.

And making things work.

These designs of optical fibre cables consist of two fibres made from a special glass, each no thicker than a human hair, flanked by two steel tension wires to give mechanical strength, lying



BICC Limited, Group Head Office, 21 Bloomsbury Street, London WC1B 3QN. Telephone: 01-637 1300 Telex: 23463 and 28624

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A FINANCIAL TIMES SURVEY U.S. COMMODITY MARKETS

SEPTEMBER 21, 1977

The Financial Times is preparing to publish a Survey on U.S. Commodity Markets. The provisional editorial synopsis is set out below.

General overview of U.S. Commodity Markets; their role worldwide and international links especially with Britain and Europe. Prime function of the markets; likely future trends.

REVIEW of the different markets and exchanges in New York and Chicago.

BIRTH of the new commodity futures complex at the New York World Trade Centre; individual markets involved.

SPECIAL look at Chicago exchanges: how they operate and function.

DEVELOPMENT of new "financial" futures markets for interest rates; currencies, Treasury Bill rates and links with gold, silver and platinum markets.

HOW Europeans can use U.S. markets; inter-reaction between London and U.S. market price movements.

ROLE of the U.S. commodity futures trading commission. Its policy and plans for the future.

COMMUNICATIONS between the U.S., London and Europe: information sources available and their use on both sides of the Atlantic.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

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VENEZUELA

Bleak outlook for the Andean farmer

By JOE MANN, Caracas Correspondent

A FARMER in rumpled khaki and a creased straw hat herded his two reluctant cows along a highway hewn out of towering green mountains that form part of the Venezuelan Andes. To his right, a wall of thick foliage shot up abruptly toward an invisible summit. To his left the slope fell off savagely toward a seemingly bottomless valley, a grassy precipice out of which rose the muted roar of a far-away river.

In his mid-fifties, wrinkled, tanned and tired, the farmer—whose name was Rondon—shares the fate of most Venezuelans living in the awesome rural beauty of the Andes: he is a poor man in a poor region, with meagre hope for improvement. His cash earnings are, in terms of industrialised nations, meaningless, for his life is dedicated to little more than subsistence farming. But his lot is far better than that of farmers who work the poor, rocky soil of the higher Andean slopes, where hunger, disease, malnutrition and mental retardation affect many of the indigent.

The petroleum boom in this South American republic, and hundreds of millions of pounds in government poverty aid and agricultural credits designated for the provinces, have not reached Sr. Rondon or his family.

But Sr. Rondon expresses no bitterness, no envy. "I haven't seen any (government) money around here, and I'm not interested. Once you get into debt then they've got you trapped."

Although the petroleum-rich government of President Carlos Andres Perez has launched a number of projects aimed at improving the lives of Venezuelans in the Andean states of Merida, Tachira and Trujillo, a recent visit to Merida state showed scant improvement since the Perez administration took office in 1974. In Merida state, with a population of over 400,000, small to medium-scale agriculture and tourism continue to be the economic mainstays.

Tourism has grown steadily in recent years as middle-class Venezuelans from the urban centres look for new places to spend their money. But most of the tourist money

remains in the provincial, active economy of the city of Merida, and support a sizeable middle-class that lives in luxurious, colonial-style modern homes. Merida offers visitors good hotels, scenery and parks galore, fresh trout and a panorama of permanently snow-capped peaks that flank the city's eastern side.

But upon leaving the modern provincial capital, one immediately finds Venezuelans who belong to another age. In the high, cold and often misty



holiday in the resort city of Merida.

While his cattle grazed by the roadside under a warm, mid-day sun, Sr. Rondon talked easily about his life in the plain accents of an Andean peasant. As a small farmer living in the temperate zone of the Andes, he raises a few vegetables and cattle, enough to supply his family of eight with food year-round. When asked how many head of cattle he owned, the short, sinewy man looked away, saying: "I'm ashamed to tell you how few I really have."

Further west on the Trans-Andean Highway beyond Sr. Rondon and his cows is the state capital of Merida, a city of over 85,000 people founded in 1565 by a Spanish conquistador. A thriving tourist industry and the University of the Andes, a state institution with some 22,000 stu-

dent, provide the core of an active economy for the city of Merida, and support a sizeable middle-class that lives in luxurious, colonial-style modern homes.

Merida offers visitors good hotels, scenery and parks galore, fresh trout and a panorama of permanently snow-capped peaks that flank the city's eastern side. But upon leaving the modern provincial capital, one immediately finds Venezuelans who belong to another age. In the high, cold and often misty

Even here, though, the pathetic society has a people's lives. Early in the morning, peasants walk sinuous roads from village to village. In the more fertile areas, they carry shoulder bags bearing all designs. The bags are present, employed by women and children for lunch, goods for books, whatever.

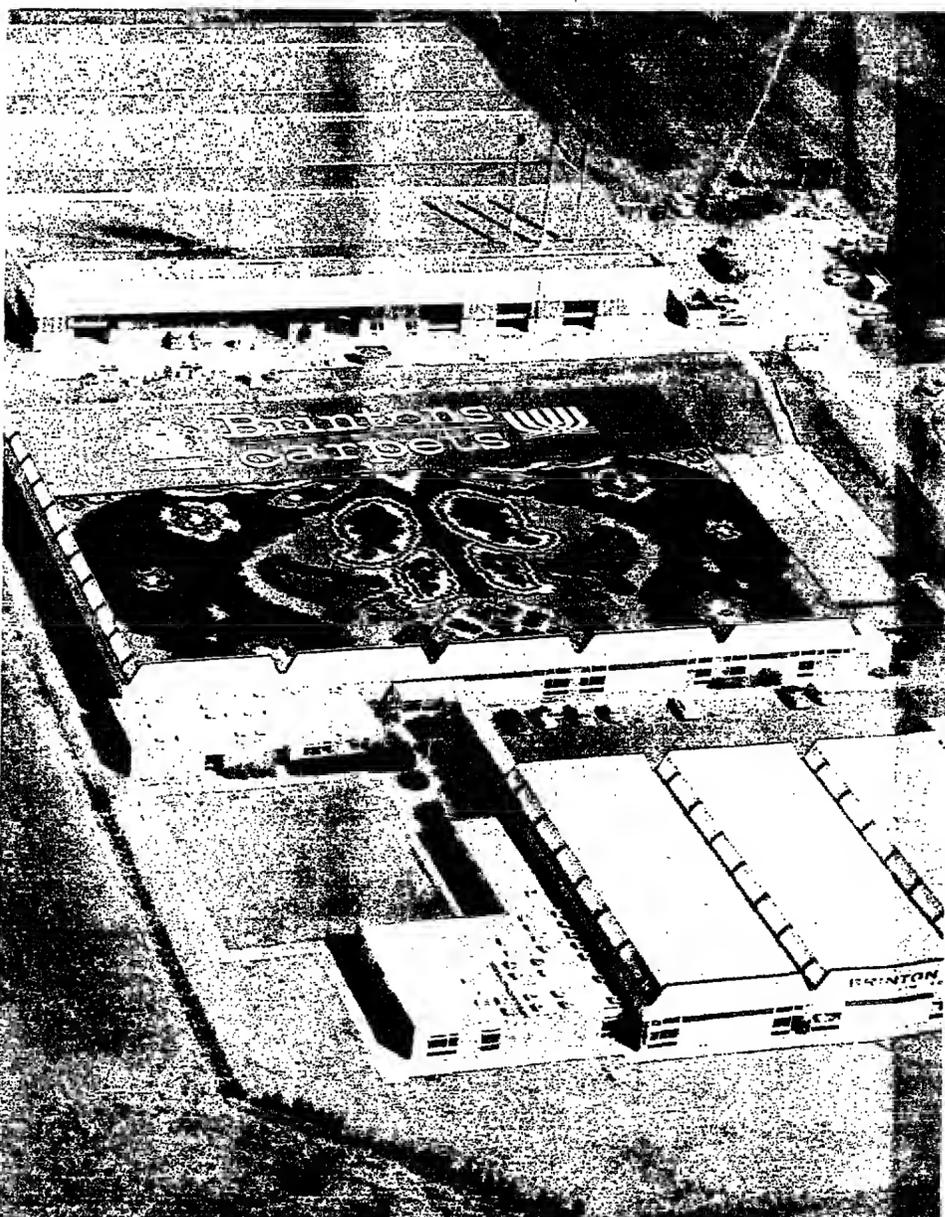
But near the provincial capital, the woven sacks way to bright, orange bags, some of which carry emblem of a supreme chain.

In Jaji, a typical village lodged in cloud-cloaked mountains near Merida, Government has refurbished town square in order to attract tourists outside Merida, the square itself (known as Bolivar Square) has all main plazas in Venezuela look a little too clean and to be authentic, the restored cathedral, police station, homes and banks (general stores) nicely—a quality that is fast disappearing in Venezuela—the colonial influences.

Tourists do indeed congregate in goodly numbers, though it is out of the way have brought a degree of vitality to some of its residents.

Outside the carefully groomed main plaza, though, one sees same shanties, decaying buildings and gully-streets that the constant reality of Venezuela's rural poverty, effects of Government are visible, but they have been capable of reversing trend of rural poverty.

What are the prospects for improvement in the 70s? Tourists and Government funds will continue, coming Merida; but local residents pessimistic about the future. The bulk of the Government funds is already earmarked a number of important projects in other regions. And Venezuela's big industrial schemes eat up more and more capital in the years to come. It seems unlikely that certain rural sectors—Merida—will be increased. But to the Merida resident summed up feelings: "Did you ever see Bolivar roll uphill?"



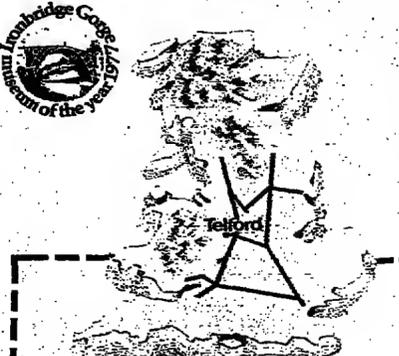
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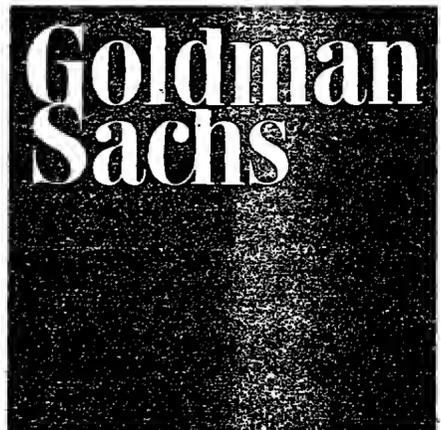
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TUC '77 BLACKPOOL

Callaghan drops hint of autumn reflation

THE PRIME MINISTER told Congress yesterday that he did not rule out measures to reflate the economy this autumn. He appeared strongly for continued moderation in pay claims and maintenance of the 12 months rule.

In his hint of early reflation Mr. Callaghan said that from much of what he read the debate on reflation no longer concerned the question of whether but when. He was concerned, however, to provide long-term stimulation to the economy rather than just a short burst or a pre-election sprint.

The need was for a steady rate of improvement which could continue in the months following the next election and in the years afterwards.

After reviewing the past two years of voluntary incomes policy Mr. Callaghan agreed that there would have been a third year on similar lines but had been told that this was not possible. None the less, the best means of preventing inflation returning to levels of 25 per cent, and 30 per cent, and unemployment increasing was through moderate wage settlements in 1977-78.

Mr. Callaghan told delegates that he had been brought up to believe that free collective bargaining was "the milk of the gospel". Like democracy, he said, he was not sure after many

years' experience that he could go into the witness box and declare that it produced either justice for the weak or fairness between different groups.

Turning directly to pay-claims in the coming year — Congress will debate pay policy to-day — the Prime Minister said that if

Congress Report by Christian Tyler Alan Pike Pauline Clark and Nick Garnett Pictures by Terry Kirk

one excessive pay settlement was used as a "back to leap-frog over" there would be nothing the Government could do to prevent a return to the situation of 1974-75.

The Government's view was that maintenance of the 12-month interval between pay settlements, although obviously not a complete bastion against inflation, would be a great help. In industries and services where the Government had

influence it would use that influence to support the 12-month interval.

Outrageously high settlements would mean increased inflation, more jobs lost or a combination of both. Settlements had to remain within the levels outlined by the Chancellor of the Exchequer so that national wage levels would not increase by more than 10 per cent.

Mr. Callaghan assured delegates that he could say with some confidence that as a result of the trade unions' contribution there would be no further reductions in standards of living.

Whatever the TUC decided on pay this week, the era of co-operation between the Government and the trade union movement must not be allowed to come to an end, Mr. Callaghan stressed. "If there is confrontation we shall both lose."

There was no short cut to the objectives which the Labour movement was seeking, but there was a road and the Government would stick to this road because it was the best way forward.

As Mr. Callaghan left the conference hall at the end of the day's session he was met by jeering and chanting young people. A strong force of police confined the demonstrators to the pavement and three people were held back as they tried to break through the cordon, shouting "coward."

Oil 'must be used to create jobs' Plan to sever Grunwick lifelines

Oil 'must be used to create jobs'

MR. TONY BENN, the Energy Secretary, said that there were very real prospects of a successful Grunwick-type dispute if a Conservative government was returned to power.

A Conservative government would be anti-labour, favouring high unemployment in a militarist economic policy, and pushing through cuts in the welfare state, the overall social consequences of which, he said, did not bear thinking about.

He did not believe that a split between the Government and the trade unions so often talked about would materialise.

It was recognised that the relationship was far too useful to both sides for it to be discarded.

But industrial policies had to be designed to create full employment and North Sea oil revenues must be used for that. Mr. Benn told a Fashion Society meeting in Blackpool.

AN INTENSIFIED campaign aimed at forcing the Grunwick film processing company to yield to the recent Scarman inquiry recommendations on the position of Grunwick workers sacked in the union recognition dispute at the factory is to be embarked on by the trade union movement.

Announcing emergency talks next week with the main union involved, the Association of Professional, Executive, Clerical and Computer Staffs, Mr. Len Murray told conference delegates yesterday that the General Council would continue to give APEX and the aggrieved Grunwick workers the maximum support.

The General Council would also be seeking co-operation from all other unions needed to co-ordinate a more effective strategy of cutting off supplies to the factory.

Mr. Murray announced the decision to step-up the campaign against Grunwick, where the dispute is now just over one year old—while pledging full support from the TUC Council for an APEX call for the full weight of the trade union movement to be thrown behind the union's cause.

The debate was unexpectedly brief and no speakers were called from the floor but the motion was passed unanimously

by delegates after Mr. Roy Grantham, general secretary of APEX warned the conference that if Grunwick was allowed to get away with its refusal to negotiate with the unions, its supporters "would have a field day".

Mr. Grantham, pointing to the failure of the company so far to yield to organised union pressure against it, said the time had come "to say our brains and not just our hearts."

Although he declined to give details of new tactics to be employed against the company, he indicated that the strategy ahead would be carefully designed to sever the company's lifelines.

Mr. Murray said the General Council had never had doubts about the justice of Grunwick workers' case, placed the responsibility for the widening of the dispute firmly at the door of George Ward, managing director of Grunwick.

He said that the company's refusal to respond to the Court decision on the union recognition issue earlier, summer and to the recent Scarman recommendations had "shown the company's willingness to set people as things, not only profit but also for the sake of political ends."



Mr. James Callaghan, Prime Minister, on the TUC platform yesterday with Lord Allen.

Danger

The running-down of industry was the "most deadliest danger" facing society. Oil would not provide an automatic solution to the problem.

Resources should be utilised for re-tooling British industry, said Mr. Benn. They would be wasted if the wealth were simply used to buy more foreign-produced goods.

Investment planning between the Government and industry was the key to the way forward.

He said it was a healthy sign that although there was evidence of pressure from some quarters to drive out of the present slump by drifting into disarmament, there was no indication that the Government was doing that.



Mr. Roy Grantham of APEX speaking during the debate on the Grunwick dispute

Communist joins TUC council

A SECOND Communist Party member joined the TUC General Council yesterday with the election of Mr. George Gay, general secretary of the National Union of Sheet Metal Workers.

The other sitting Communist is Mr. Ken Gill, general secretary of the SS section of the Amalgamated Union of Engineering Workers.

Other newcomers in the general council were Mr. Albert Spanwick (Confederation of Health Service Employees), Mr. Ken Thomas (Civil and Public Services Association), Mrs. A. Maddocks (National and Local Government Officers Association), and Mr. Moss Evan, who succeeds Mr. Jack Jones, as general secretary of the Transport and General Workers' Union next year.

There had been speculation during the day that TGWU members were trying to "use their 1.5m. block vote to gain revenge on unions which voted to expel them from the TUG on Monday during a heated session over the TGWU's failure to implement a disputes' committee award. If Transport union members did take such action in the ballot, it does not appear to have influenced any of the results.

Fight against racialism backed

THE GENERAL Council of the TUC is to ask the Home Secretary to have all National Front demonstrations banned.

Mr. Tom Jackson, the Union of Post Office Workers' general secretary, and chairman of the TUC's equal rights committee, told Congress of the move yesterday as he laid a motion aimed at bolstering attempts by the TUC to combat racialism and the activities of the National Front and other organisations as well as trying to ensure that equal opportunity becomes a fact of life.

The motion, which received unanimous support, called on the General Council to set up a campaign to fight infiltration by groups considered to be racist, into the trade union movement.

He also asked the General Council to devote some of its resources to ensure the incorporation of the TUC equal opportunity model clause in employment contracts, and to urge the Government to ensure that nationalised industries are equal opportunity employers.

Congress also wants the General Council to introduce substantial programmes to improve inner-city areas. In another section of the motion, the Congress called for support for black self-help groups, particularly in the development of skills and the attack on discriminatory employment practices.

Congress also decided to support the fight against world-wide racism: it backed the call made by the Anti-Apartheid Movement at the end of last month "for an end to all forms of economic collaboration between Britain and the racist apartheid regimes, as an immediate step towards the British Government's position of a ban on investment in South Africa."

Mr. Jackson said the equal rights committee was becoming concerned over the role of industrial tribunals as a means of securing equal pay.

Industrial tribunals were not a substitute for collective bargaining. There was a responsibility of trade unionists to use their machinery and their bargaining skills to implement equal pay.

Mr. Jackson also sounded a warning about the Equal Opportunities Commission.

"Neither it, nor any other body can seek to become a substitute for the trade union movement," he said.

In November, a union conference has been organised to discuss what amendments to the Equal Pay Act are necessary.

Mr. Jackson said those who wanted to destroy the trade union movement are "the greatest pedlars of racial hatred."

The purpose of the National Front demonstrations was to destroy racial harmony and attack democracy.

Health cuts warnings by unions

HOSPITAL WORKERS, campaigning against Health Service cuts, are heading for a major battle with the Government. Trade union leaders warned the TUC Conference in Blackpool yesterday.

Mr. Bernard Dix, deputy general secretary of the National Union of Public Employees, said that a few years ago it could not have been imagined that doctors and nurses would be staging occupations of hospitals to keep the Health Service going.

The warning followed a series of debates deploring the effects on the Health Service of cash limits and calling for money to combat growing unemployment among nurses and the threatened shortage of jobs in the 1980s for newly-qualified doctors.

Delegates for the Medical Practitioners' section of the Association of Scientific, Technical and Managerial Staffs, warned that the cash limits were amounting to a rundown in the Health Service.

Emphasis was also put on the inadequacies of spending on community care.

Tougher law on equal pay sought

DELEGATES are to call for a strengthening of the Equal Pay Act. So far, the Act has been ineffective in many respects, said Mr. Jack Macgougan, general secretary of the National Union of Tailors and Garment Workers.

Mrs. Judith Hunt of the Engineering Union's technical and supervisory section, said that in 1970 there was a 16% difference between man and woman's earnings in manufacturing industry. In 1976 the gap had widened to 20%.

Stronger legislation was required to deal with the "ghettos" of women cheap labour.

Mr. Terence Parry, chairman of the TUC's social insurance and industrial welfare committee, reviewing events in those fields, criticised sections of the Press and others for attacks on social security payments.

"I doubt the motives of those who have taken part in this campaign of attacks," he said. "It was true some claimants received more from unemployment pay or supplementary benefit than they took home in pay packets but that arose from the low level of child support, the tax structure for the lower paid and low wages."

"It would do those people good who attack families living on social security as spongers to try themselves to live on supplementary benefit and face the indignities of means testing and the frustration of not being able to work," said Mr. Parry.

Resources

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Economy debate

TO-DAY'S business was expected to be dominated by the economy policy debate with discussions of maintenance of a 12-months gap between wage claims and the levels of wage settlements to be aimed at following the end of Stage Two of the Government's pay restraint policy.

The morning business includes a series of motions on education, including education cuts and also educational measures in youth unemployment.

conceded does it mean that pensioners will wallow in luxury? Of course not.

Mr. Jones added that there was a real need for the introduction of a tax-free winter bonus to help pensioners meet fuel bills.

Early retirement must come not only to relieve unemployment but to produce a better life for the elderly. But it was no use talking about early retirement unless there were substantial increases in basic pensions.

Mr. Terry Parry, chairman of the TUC Social Insurance Committee, agreed that pensions must be improved to "remove the civil and social disgracement of poverty to old age."

On the issue of contracting out under the new pensions arrangements next year, Mr. Parry said he was disturbed at the poor standard of some contract out.

Social security defended

A COMPOSITE motion was carried unanimously, calling on the General Council to condemn attacks made on social security benefit claimants and to conduct a campaign against those attacks.

The motion, moved by Mr. George Guy of the National Union of Sheet Metal Workers also urged the Government to extend the payment of unemployment benefit from one to two years; extend earnings related supplements from six months to two years; and called for a campaign to reverse the decision to cut home visiting and to seek an increase in present provisions to ensure that the welfare of those receiving benefits was fully protected.

Delegates also decided that the TUC should seek significant increases in child benefit and

OTHER LABOUR NEWS

Scottish teachers plan wage claim

A SCOTTISH teaching union today sent a dossier to members of the Cabinet and all Scottish MPs detailing its case for a substantial pay rise.

The dossier—part of the National Association of Schoolmasters—Union of Women Teachers—is seeking a restoration of teachers' pay to 1974 levels, based on the Houghton Committee recommendations at that time.

The dossier claims that a 18-year-old untrained policeman is better paid than a graduate who has spent three years at university and one year at a college of education and is now working as a fully trained teacher in a secondary school.

"It also says that an unqualified social worker earns more than a qualified primary teacher. Salaries for teachers, it adds, range from £2,941 to £4,576. The union says it does not expect that it will be possible to restore the salaries to 1974 levels next April, but there should be some recognition of the need to move towards restoration at the earliest possible date.

"This recognition should be indicated by permitting the maximum increase possible with effect from next April 1. Teachers need this increase of intention if morale is to be maintained at the desired level."

Disciplined Heathrow strike leader loses union posts

MR. JACK GATSKY, one of the leading shop stewards behind the engineering and maintenance men's dispute at Heathrow earlier this year, has effectively been deprived of his influential posts on the union negotiating committees.

Mr. Gatsky was suspended and moved from the "double day" shift to a permanent day shift as part of the disciplinary action taken against him for making public statements about the airline's safety standards—remarks he later withdrew.

Mr. Gatsky was a shop steward for the Amalgamated Union of Engineering Workers representing about 170 men on the double day shift. As a shop steward, he had been elected as chairman of the engineering wages sub-committee and vice-chairman of the powerful joint stewards' combined committee.

Now that Mr. Gatsky is on the day shift, where there are fewer than 20 men, he has lost his position as shop steward as that title already has its full complement of two shop stewards, change had been part of the disciplinary action to which he and union officials had agreed.

If Mr. Gatsky's appeal fails, he could become a shop steward again later this year when elections for the posts will be held.

Safety law 'should be extended'

ATTEMPTS are to be made to bring Crown bodies within law enforcement powers of Health and Safety at Work Act as it was discussed yesterday.

Mr. Bill Simpson, chairman of the Health and Safety Commission, said yesterday that the majority of Crown bodies against prosecution was out-keeping with modern thinking.

"The Health and Safety Work Act covers virtually every one at work in this country," Mr. Simpson told a conference in London yesterday. "But the Health and Safety Commission think it is an anachronism that Crown Authorities, such as Government departments or other employers acting on behalf of the Crown, are not subject to the same sort of legal sanction as any other employer if they break the law."

This is because of the tradition that the Crown, such as the Health and Safety Executive cannot enforce the law against the Crown, in the shape of department or other authority.

"We do not think it right that Crown employers should be in this privileged position," added Mr. Simpson.

The Commission intends to raise the issue with Ministers and is issuing guidance to local authorities on how they can enforce the safety laws on the Health and Safety Executive itself.

But Mr. Simpson made clear that under no circumstances would Crown employees be paid secured simply because the difficulties of enforcing the law on the Crown employer had not yet been ironed out.

Civil Service employees are not liable to prosecution that other employees—but they must not be thought of as more liable," he said.

Jones demands pensions at 60

CONGRESS yesterday unanimously called on the Government to take steps to reduce the age of eligibility for State pensions to 60 if stages of necessity—with priority for workers in hazardous industries and the disabled.

At the same time it urged the Government "urgently to meet the demand for State pensions to be at least one-half of gross average earnings for married couples and one-third for single people.

Mr. Jack Jones, general secretary of the Transport and General Workers' Union, who had devoted great attention to the pensions issue, said, moving the motion, that at present the levels being sought by the TUC would represent £25 a week for married couples and £23 for the single.

"Is that too much? If it is

Lucas stewards jostled by jeering women

SHOP STEWARD leaders of the women protested that their case had not been put forcefully enough by the delegation.

Mrs. Brenda Armstrong, a worker at the Lucas factory in Cannock, Staffs, said: "We have been told by the management and now by the union as well." Another of the women, Mrs. Pat Howard said: "We have achieved nothing. We are very disappointed."

Mr. Michael Towey, chairman of the Lucas tool group negotiating committee, which is leading the strike, said the dispute would continue until the management was prepared to meet them at the negotiating table.

Mr. Ronald March, Lucas' group industrial relations director, was travelling to the TUC conference at Blackpool yesterday to meet officials of the Amalgamated Union of Engineering Workers in a bid to end the strike. Afterwards, some of the

Strike halts production at Notts. factory

A WALK-OUT by 1,500 workers at the engineering factory of Ransome Hoffman and Pollard at Newark, Nottingham, yesterday brought production to a halt.

The workers—members of three different unions—had been working to rule since August 26 when the management refused to accept a management say is outside the Government's Stage Two policy.

Yesterday's strike began after a press operator, acting on union instructions, refused to be transferred to another department. When the management said she might as well go home, the shopfloor workforce walked out.

A spokesman for the company, which manufactures ball bearings, said later that the workers had agreed to return to work to-day when the situation would be reviewed.

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Handwritten text in Arabic script: "مكتبة الأمل"



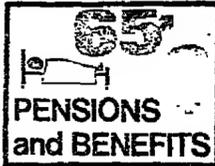
The Management Page

EDITED BY CHRISTOPHER LORENZ

ENERGY CONSERVATION

'Save it'—the Courtaulds way

BY RAY DAFTER



Reactions to an ultimatum

BY ERIC SHORT

ITAIN IS well on the way to becoming one of the world's great energy nations when it comes to energy. On top of its coal reserves, hydro-electricity supplies and nuclear energy, the country is about to produce all the oil it needs. The North Sea is already providing natural gas to every industrial and domestic consumer in the country.

For instance—but to all those which have taken steps to reduce their energy bills. The Government is unsure about how much energy is being saved as a result of management edicts, so much depends on how much fuel-burning has been affected by reduced business activity. But in general it is reckoned that industry has saved between 2 and 10 per cent. on pre-1973 levels.

The Courtaulds Board in 1974 when it was decided that any investment in conservation should show a return on capital within a two-year period. The directors had toyed with the idea of imposing a three-year time limit but they saw so many possibilities for conservation measures that they felt there was no immediate need to lengthen the pay-off period.

Managers in Courtaulds have also been advised to be more careful about the way they operate power generating equipment. It was once a fairly common practice within the group to start up boilers at a convenient time on Sunday so that they would be ready steaming for the first Monday morn-

ing shift. In some cases on sites with a five-day working week boilers were left running throughout the week-end merely for convenience sake. Now most boilers are restarted early on Monday mornings. The practice of keeping a spare boiler running on low load to be ready in event of a sudden breakdown has also been virtually eliminated.

Mr. Dick Morris, the managing director responsible for energy conservation, believes that the Government was "crackbrained" to introduce a scheme with such high interest rates. The Government should be thinking in terms of making cash grants towards soundly-based projects, he says.

They take a simplistic view: their members pay National Insurance contributions, thus they are entitled to the State pension and since they pay to the company scheme they therefore have the company pension as a right. Any attempt to mix the resulting company pension and State allowance are just added trying to do the employee out of their rights.

When dealing with unions and employers, many consultants have had to keep discussions as simple as possible, otherwise interest is lost very quickly. Nevertheless, it is part of the task of a consultant to make employers and unions aware of the alternative situations. The whole industry is bedevilled by having to do too much in a comparatively short space of time. As we have stated before, each scheme has to be considered as a separate case and dealt with on its merits. Some consultants, it would appear, have been trying to cut corners.

And yet, within 18 months of a country becoming totally self-sufficient in energy, the Government is set to relaunch an energy conservation programme especially oriented towards industry. Mr. Anthony Edgewood Benn, the Energy Secretary, is expected to outline possible new measures at a first National Energy Managers' Conference in Birmingham on September 26. Some 750 senior directors and industrial managers are expected to attend the function.

The timing of the meeting, the decision to spend a further £1.55m. of Government money on a new energy saving advertising campaign are regarded by some as bizarre as they might appear to be.

For example, the use of plastic strip curtains across loading bay doorways has proved a comparatively cheap and effective way of reducing fuel bills. "A loading bay door left open for just a minute can strip a slice of all its warmth in winter," said Mr. Jones. "Where such doors are opened several times a day the heating load can be phenomenal." Pipe lagging and draught-proofing have also been effective and relatively cheap.

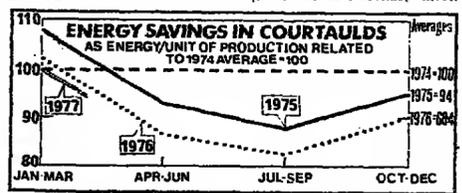
Some measures need no capital outlay at all, merely a careful check and some maintenance work. Courtaulds found that out of several hundred air conditioning plants, barely a dozen were operating at their lowest design cost.

Courtaulds is taking its energy saving programme seriously. It was initiated by the chairman of the state-owned British National Oil Corporation—was at the helm. Mr. Jones now co-ordinates the work at over 300 sites, each of which has at least one executive responsible for energy saving.

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Too weak

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For a start, energy will be cheaper for being more produced. Britain's energy bill rose 20 per cent. to £13.5bn. last year and in the rise in North Sea oil and gas supplies costs will increase again this year.

Secondly, Britain will not reduce its energy consumption by more than 10 to 20 per cent. in the next five years, a period which merely provides a cushion space in which to build a boost to the economy and the foundations of a semi-energy policy for the future.

Thirdly, energy saving is not a money spinner for industry, not only to the companies involved in the conservation industry—the insulation material manufacturers,

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BUSINESS PROBLEM

BY OUR LEGAL STAFF

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Wednesday September 7 1977

The terrorist scourge of West Germany

By ADRIAN DICKS in Bonn

Callaghan's message

THE Prime Minister's address in recent months. The only in Blackpool yesterday spelt out and bringing unemployment in simple and convincing terms down from its present level in the Government's case for moderate inflation. The Prime Minister's address in recent months. The only in Blackpool yesterday spelt out and bringing unemployment in simple and convincing terms down from its present level in the Government's case for moderate inflation. The Prime Minister's address in recent months. The only in Blackpool yesterday spelt out and bringing unemployment in simple and convincing terms down from its present level in the Government's case for moderate inflation.

Opportunity
The main lesson which the Prime Minister was trying to hammer home was that the country had taken two years to recover from the ludicrous situation of 1974-75, when wage settlements were in the 25-30 per cent range, and that what had been achieved during those two years could very easily be thrown away if unions used the opportunity created by the end of Stage Two to bring about another wages explosion. The two-year recovery period had involved a fall in living standards and, Mr. Callaghan stressed, people should not expect to make good that loss in the coming year.

Public sector
In their response to the Prime Minister, trade union leaders will be pulled in one direction by their desire to see the present Government continue in office and win the next election, and in another by the increasingly evident frustration of their rank and file. The signs of rebellion in the AUEW earlier this week suggest that those unions which are committed to the 12-month principle will have a hard time maintaining it. The Government's hope must be that today's TUC vote will support the 12-month rule by a large enough majority to give the policy a psychological boost. If it is rejected, the Government may have to rethink entirely its approach to incomes policy. The key test of Mr. Callaghan's determination will come in the public sector. That is where the policy must be seen to work; for the Government will have to set the example for others to follow.

Car imports give a warning
UP TO a point it is possible to regard the record level of imports among new car sales last month as being somewhat freakish. Since the date of the change in suffix letters was moved to the beginning of August ten years ago, more and more private car buyers have been won over to the idea of timing their new purchases so as to take early advantage of the arrival of a new suffix; and it is well known that imported cars have secured a much larger hold upon the private car buyer than upon fleet users.

Shortages
As in other years, too, the peak selling months—when up to double the normal monthly number of cars may be sold—found many of the more popular British-made cars in short supply as a result of strikes or other production difficulties, whereas importers had been building up their stocks in readiness for the August selling period. The true level of import penetration, therefore, is probably nearer to the 44 per cent market share achieved over the first eight months of this year than the 51 per cent share registered in August.

Quality
In part, but only in part, it is a question of ability to deliver. Recently, it has seemed that almost as soon as one dispute has been resolved trouble is likely to break out somewhere else. Even when work is proceeding normally, however, the level of productivity or the quality of some of the cars produced can cause concern. For example, partly because of the disappointing rate of output of Escorts at Halewood on Merseyside, Ford has shelved its plans to bring back production of the Capri from West Germany, while British Leyland's failure last month to win back more of the ground it had lost to Ford earlier in the year may suggest something about the private motorists' confidence in its products. True, the company suffers from an ageing model line about which it can do relatively little until the vast sums the Government has been pouring in bear the reverse direction, slightly over 50 per cent of the Ford Fiesta is made here from foreign components. These "tied imports" may reflect the manufacturers' desire to secure longer runs and the benefits of the elimination of tariffs in the enlarged European Community but they have grown substantially in the last 18 months.

Even so, imports of complete cars have handsomely passed the point which would have been considered unacceptable only a few years ago. Their total market share, including that of tied imports, has grown from 28 per cent in 1974 to 34 per cent in 1975, 38 per cent last year and now 41 per cent. So far this year the total car market has grown by just under 3 per cent, but sales of imports have increased by 26 per cent, while sales of U.K. cars have fallen by 10 per cent. Worse still, whereas last year the motor industry as a whole, including the component manufacturers, managed to export twice as much as the cost of imports, in the first half of this year the industry's favourable trade balance fell by 16 per cent.

It shows that foreign countries spend almost twice as much to maintain their diplomatic presence in London as the Foreign Office spends in keeping our chaps abroad in the style to which we as a nation are no longer accustomed. All in all, it only cost £137m. to staff and maintain U.K. Embassies abroad last year, while overseas governments spent no less than £265m. in comparable expenditure here. On these figures at least our diplomats are nothing less than net invisible exports, meta-physically speaking of course.

Prayer is free
Down in Wiltshire, those two masterpieces, where Salisbury Cathedral and Stonehenge, have been attracting more tourists than in any previous year. The sight of the milling crowds must please the cathedral clerics for this is proving a record year for revenue. Salisbury is the only cathedral in the land that charges admission: 15p for adults, 5p for children and pensioners. Of course, it's not just exactly like that—visitors are "asked for contributions" when they reach the ticket office at the main door. This year so far, the cathedral has collected £38,000 and expects that by the time the ticket office closes in October at least

THE KIDNAPPING of Dr. Hans-Martin Schleyer after the murder of three police bodyguards and a driver accompanying him in Cologne, brought the West German people and Government face to face once again with the blackmail used by terrorists at Munich in 1972 and in Berlin in March 1975.

The Munich episode ended in the deaths of 11 Israeli athletes, kidnapped at the Olympic Village. The abduction of Herr Peter Lorenz, leader of the Berlin Christian Democratic Party, resulted in the release of the hostage, unharmed after the "crisis staff" under the Chancellor, Herr Helmut Schmidt, had agreed to let five convicted or remanded terrorists leave the country for South Yemen. Since then, the same crisis staff, made up of leading politicians of all parties and senior officials, has usually taken a tough line, notably during an attack, later in 1975, on the West German embassy in Stockholm. The pressure on the crisis staff in Dr. Schleyer's case has been enormous and in contrary directions.

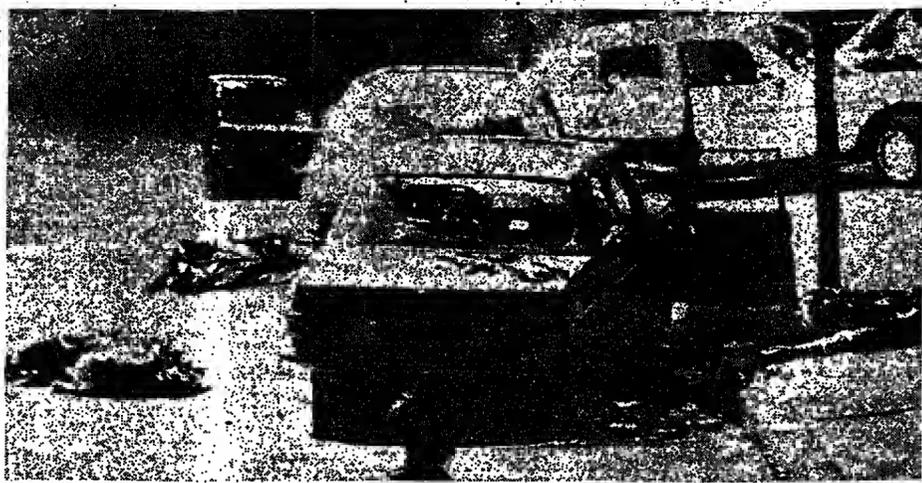
Dr. Schleyer is not only a senior figure in the West German economic scene—a director of Daimler-Benz as well as head of the country's two most important business organisations—but a man known personally to many of those on the crisis staff.

They knew from the start that there would be an outcry if Dr. Schleyer's abductors harmed or killed him, but that there would be scarcely less anger if the Government were forced to its knees and to release from prison some of the dangerous and murderous men and women it has succeeded in capturing up to now. Like other Governments in similar situations, Bonn had to face the danger of admitting in effect that any terrorist, unlucky enough to be caught could count on being sprung sooner or later by his friends outside.

Politicians weary

The attack on Dr. Schleyer was the third against a prominent public figure this year, and the second against a leading personality from the business world. On April 7, terrorists shot dead the Chief Federal Prosecutor, Herr Siegfried Buback, and his escort in Karlsruhe. On July 30 they burst into the home of Herr Juergen Ponto, chairman of Dresdner Bank, and killed him. And 10 days ago, an attack on the offices of Herr Kurt Rebmann, in Karlsruhe, was prevented at the last moment.

Messages from the "Red Army Faction," a familiar terrorist name, claimed responsibility for the Schleyer attack and warned that "someone



The scene in a Cologne street on Monday after the kidnapping of Herr Hans-Martin Schleyer. The Mercedes director was riding in the car in the centre which was stopped by another across its path. Behind Herr Schleyer's car that of his bodyguards.

from energy supply" would be next. It was plain from Herr Schmidt's brief appearance on television on Monday, the day of the kidnapping, that the Government expected further similar outrages.

For Bonn, which resumed full-time political work after the summer break only this week, the kidnapping could not have come at a worse time. The Social Democratic and Free Democratic coalition partners in the cabinet are weary men at the end of several weeks of trying (so far inconclusively) to put together a package of measures to stimulate the stagging economy. The strain has shown itself, according to many reports, in renewed outbursts of personal bad feeling and in fresh disagreements within each of the two parties.

The Christian Democratic opposition is scarcely in any better shape following a summer of fresh sparring between its leader, Herr Helmut Kohl, and his restless Bavarian ally, Herr Franz Josef Strauss. The sense of powerlessness which so frustrates both Government and opposition as they contemplate the economy this autumn has, perhaps, been one reason for the CDU's vigorous interest in the issue of terrorism in recent months.

Yet here, too, West German politicians realise that there is all too little they can do to reassure public opinion, beyond the pledges of zealous police action and the appeal to ordinary people to help that Herr Schmidt made on television on the night of Dr. Schleyer's abduction. However, the opposition has put forward a flurry of proposals for new and tougher legislation. Together with the crescendo of public anger that followed the Buback and Ponto murders, this has produced the

Government into fresh action of its own.

On the day when Dr. Schleyer was attacked three suggestions were published by the Justice Minister, Herr Hans-Jochen Vogel. He wants Parliament to increase the maximum sentences for convicted terrorists; more effective rules for expediting trials, and for dealing with the obstructive tactics of politically radical defence lawyers; and a further tightening of the firearms laws. There will now be enormous pressure for at least these three measures to be pushed through rapidly, and a good chance that the opposition will succeed in getting some of its own suggestions added.

Police are short-handed

Further, there is considerable scope for improving the scope and methods of the anti-terrorist drive, according to an interview given to Der Spiegel this week by the SPD party expert on security, Herr Heinz Pinsky. He claims that not only are the police still short of men, but that a series of administrative blunders has on occasion prevented a quick and flexible response to the terrorists. For example, the police in the various federal states have differing computer systems and peripheral equipment which in some cases are incompatible with one another, and with the equipment of the Federal Criminal Bureau in Wiesbaden. Herr Pinsky also lays blame on the 11 State Interior Ministers for dragging Employers' Federation and the Federation of Industry, the trade union movement regards proposed. One example where critics feel West Germany social policy and, particularly, could have reacted more purposefully in the implementation

of a new and supposedly tamper-proof system of car registration plates.

Perhaps more worrying than these handicaps in the longer term is the allegation that the police and anti-terrorist agents have failed over the years effectively to infiltrate the small groups of people responsible for the attacks.

There has, however, been some degree of success in naming suspects—as in the Buback and Ponto cases—and a by no means negligible arrest record. According to evidence laid before a committee of the Bundestag last week by Herr Pinsky, head of the Federal Criminal Bureau, there are at least 1,200 "active and dangerous" terrorists, and an estimated 6,000 more people classed as active supporters who rent cars or flats for the terrorists and help with other logistical problems. The Schleyer case in particular has shown that there is a high degree of organisation and planning, for since Herr Ponto's murder precautions have been stepped up for leading figures in business and industry concerned with the transport of valuables. The police have admitted that Dr. Schleyer was prominent among this group of people, and that the guard on his car was increased only a fortnight ago.

The selection of Dr. Schleyer by the terrorists appears to have been deliberate. His is a powerful and conservative voice in the economic and social debate, because he combines the two separate jobs of President of the Federation of Industry, the Federation of Employers' Federation and of the trade union movement regards proposed. One example where critics feel West Germany social policy and, particularly, could have reacted more purposefully in the implementation

statement in a left-wing C... student newspaper approving the murder of E. Buback.

Yet even within an increasingly aggressive intellectual extreme Left, those who turned to violence remain very small minority. Much has been written about who they—in many cases the educated children of middle class business or professional parents. Among the ring-leaders now, if the authorities are right, there are several of extreme left-wing lawyers, first came to prominence as defence counsel for original Baader-Meinhof terrorist group.

The leaders of that group, Ulrike Meinhof and Andi Bader were caught and imprisoned. Frau Meinhof committed suicide in jail. Little is known about the German terrorists, beyond expressing violent seemingly insatiable hatred West German society as it is, is here that the "Red Action" and their support differ markedly from the Basques, the Palestinians, the American "weathermen" of the 1960s and other terrorist groups with whom they often carry sympathy to point of active assistance. This is no "cause" readily discernible beyond the "wage wage at a society perceived being overbearing, conform and above all, very paternalist.

Catalogue of wrongs

Since the first wave of attacks on American bases and embassies, the original raggedly winged group has virtually vanished from the few public utterances that the terrorists have made. In place of that there is an endless catalogue of real or imagined wrongs suffered by terrorist groups in prison, or at the hands of police, suggesting that terrorists live in a lucrily self-contained and self-off world.

Aggressive Left

Uncomfortable as it may be, however, there also does exist an intellectually influential, if numerically limited body of opinion which rejects the whole notion of a West Germany as a society built on law as a hypocrisy. Dr. Helmut Kohl of the CDU is not alone in his concern that profoundly anti-democratic people may have gained a disproportionate degree of power in university students' political affairs. Several scholars from outside West Germany have reached the same conclusion. It has hardly been contradicted by events such as a

MEN AND MATTERS

Lying invisibly abroad

Although the recent "think tank" report on the diplomatic service gave the impression that the cost of all those pink gins and things in our Embassies abroad was too high, the latest Pink Book on the balance of payments statistics suggests otherwise.

It shows that foreign countries spend almost twice as much to maintain their diplomatic presence in London as the Foreign Office spends in keeping our chaps abroad in the style to which we as a nation are no longer accustomed. All in all, it only cost £137m. to staff and maintain U.K. Embassies abroad last year, while overseas governments spent no less than £265m. in comparable expenditure here. On these figures at least our diplomats are nothing less than net invisible exports, meta-physically speaking of course.

Prayer is free

Down in Wiltshire, those two masterpieces, where Salisbury Cathedral and Stonehenge, have been attracting more tourists than in any previous year. The sight of the milling crowds must please the cathedral clerics for this is proving a record year for revenue. Salisbury is the only cathedral in the land that charges admission: 15p for adults, 5p for children and pensioners. Of course, it's not just exactly like that—visitors are "asked for contributions" when they reach the ticket office at the main door. This year so far, the cathedral has collected £38,000 and expects that by the time the ticket office closes in October at least



"So that's why we marry British and buy foreign!"

£45,000 will have come in. It will all be devoted to restoration and maintenance. The chapter clerk, Colonel Roden Parry, told me yesterday that there are very few complaints: "About one visitor in 5,000 refuses to pay." He said he was definitely against the way matters are ordered in France, where cathedrals have a state subsidy. Then rather shrewdly he anticipated a question I was just about to put: "Naturally, if you told us you wanted to go into the cathedral to pray, we should let you in for nothing."

Saudi who?

Figuring out the rights and wrongs of the Arab-Israeli wars which have punctuated the last 30 years must have proved extraordinarily difficult for what a recent public opinion poll calculates as over one quarter of the British public. For the poll found that no less than 27 per cent of those interviewed think that Israel

is an Arab country. What is say nothing of visitors from perhaps even more extraordinary other countries.

But now, the Romanians seem to be preparing, if you will an Arab country. Unfortunately the survey does not tell us where exactly the other 16 per cent thought it was, somewhere around Grosvenor House, I presume.

The survey was carried out by the Opinion Research Centre on behalf of the monthly magazine, Middle East International.

On a more serious level, 52 per cent of the 1,103 people questioned thought Israel should withdraw from the Arab territories occupied in 1967, 76 per cent thought the Arabs should recognise Israel, and 58 per cent that the Palestinians should be free to establish their own state.

A revamp for Comrade Dracula

The Romanians are clearly in two minds about their best-known mythical figure. Count Dracula, the blood-sucking spirit of the "undead" who was supposed to live in the Carpathians in northern Romania.

On one hand, they ply a merry trade in special Dracula Tours for foreign visitors. The Romanian tourist office in Jermyn Street offers two separate itineraries costing about £150 each to the places made famous by Bram Stoker's Victorian novel as well as the haunts of Vlad the Impaler, the stern medieval prince whose habit of driving wooden stakes through his enemies' hearts give rise to the Dracula legend.

The office tells me that well over a thousand British tourists go on these trips each year, to

other countries.

But now, the Romanians seem to be preparing, if you will an Arab country. Unfortunately the survey does not tell us where exactly the other 16 per cent thought it was, somewhere around Grosvenor House, I presume.

Shooting of a two-part film about Vlad the Impaler has begun which portrays the Prince not in an image distorted by legend but in the true reflection provided by contemporary documents, as a valiant chieftain. Far from being a nasty fellow, Vlad, it appears, was merciless to traitors, brigands, and murderers, and a resolute fighter for the independence and prosperity of the homeland.

He was, Aggerpress admits, "extraordinarily exacting" which could be a way of saying he demanded his pint of blood. But if you think of all the books and films that have been based on Dracula, to say nothing of those tours, the Romanians could be destroying not just a legend but a multi-million pound industry too.

Pre-historic

While a colleague was watching Fred Zinnerman's film A Man for All Seasons on television at the week-end, his six-year-old daughter said: "Dad, did it all happen a long time ago?" He replied, "Yes dear, more than 400 years ago." She thought about this for a moment and then said: "Well then, why isn't it in black and white?"

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Luxembourg Capital Market

A settled air of confidence in its role in international financial operations surrounds Luxembourg to-day. Problems which once loomed large have faded away, the influx of foreign banks continues, and the Euromarket sector is flourishing.

Much surer of itself

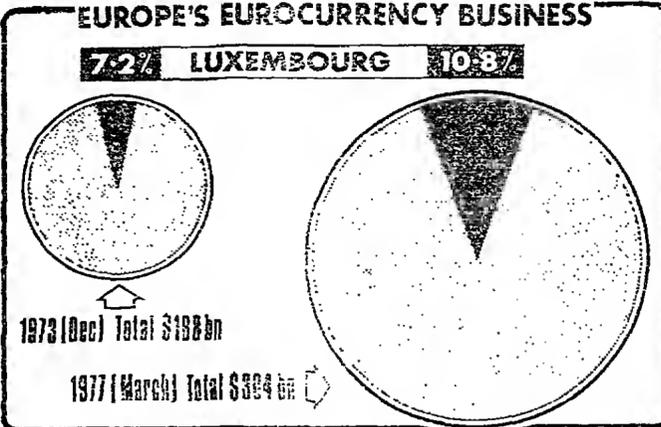
By Mary Campbell, Euromarkets Editor

up the place; or at least give grand Duchy, which has no financial authorities elsewhere the means to prevent it containing their own financial markets.

The Luxembourg Banking Commission always seemed to be under pressure from some structure in such a way that those fleeing tax payments could not do so via Luxembourg.

GOING BACK to Luxembourg after several years (as I have just done), what is most striking about the financial scene is that Luxembourg is no longer on the defensive.

This image, and the reality insofar as it conformed with the image, ensured that there was constant foreign pressure on the Luxembourg authorities to clean



Accounts of the extent to which Luxembourg banks suffered deposit withdrawals as a result of what became known as the Herstatt crisis vary greatly. Some banks claim that they at least suffered no deposit withdrawal at all.

business than dollar business. The key to Luxembourg's lasting importance in international finance now is that the German banks have chosen to make their main international base.

Heralded Herstatt Bank's Luxembourg subsidiary has just celebrated its 25th anniversary. In an essay on the development of the Luxembourg operation of the bank, the first post-war branch of a German bank to be opened abroad, it was apparently severely taken to task for its claim by a small trading bank which had opened up operations in Panama; but there is no doubt that the Dresdner Bank's establishment in Luxembourg added a trend by German banks generally to set up branches in an international market.

This is all the more the case because Luxembourg now has all the trappings of an international financial centre. One element here is the ever-growing stream of banks setting up their latest group are the Scandinavians, who like the Germans, have chosen Luxembourg for their first operations as a result of overseas expansion.

CONTINUED ON NEXT PAGE

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LUXEMBOURG CAPITAL MARKET II

Narrowly based economy

THE LUXEMBOURG economy has two main props, banking and steel, one healthy and the other decidedly poorly. Steel accounts for over 80 per cent of all the Duchy's exports, not surprisingly when the tiny home market can only absorb 7-8 per cent of total domestic steel production. In a good year steel accounts for nearly a quarter of the country's Gross Domestic Product (GDP).

But 1974 was the last good year for European steelmakers, and since the slight upturn in the spring of 1976 steel production to the Duchy has been declining steadily. In the first half of this year it was 8 per cent down on the first half of 1976.

The steel sector's problems parallel those in the rest of Europe: low prices, stagnant domestic consumption, overcapacity, and Japanese and other non-European competition inside the EEC and in third markets. The only short-term hope that Luxembourgers see for a revival is in the Brussels Commission plan for EEC steel in operation since May. This elaborate mix of voluntary curbs on steel deliveries and indicative minimum prices, aims to bring steel supply and demand back into equilibrium at a higher price level where companies could again hope to break even. The last two months have seen a slight rise in prices, but it is still too early to gauge whether this alone will lift the industry out of its present trough.

Luxembourg steel really means one company, Arbed, which accounts for 90 per cent of production. Such is the measure of Arbed's present sorry state that cutting its 1975 loss of Lux.Frs.3bn. (£48m.) to a loss of only Lux.Frs.1.3bn. last year was accounted a considerable success. Arbed officials concede there is almost no chance that this year's losses will be any smaller.

Without the cushion of a proper home market to fall back on in times of trouble, Arbed is particularly at the mercy of protectionist moves abroad, and even within the EEC, against its products. But because it is by far the largest employer in the Duchy, with 20,900 out of the country's total active 147,000 work-force, it is politically impossible for it to lay off

workers in the way other companies might contemplate. Nor, with capacity utilisation at barely over 60 per cent, can it much extend short time working in steel.

To rescue Arbed from this dilemma, the Government has taken its surplus workers off its hands and put them on to public works, construction, and even anti-pollution projects. Thus it is not surprising that the number of totally unemployed is still less than 1 per cent of the total work-force— which is just as well since Luxembourg's unemployment benefits scheme, introduced two years ago, is still in its infancy.

The future strategy of Arbed is two-pronged. The first is an attempt to diversify more into downstream steel activity like mechanical engineering, the second a brave bid to secure its long-term future in basic steelmaking by redoubling its investment efforts. This year it is to invest a total of Frs.3.3bn. (compared to only Frs.2.6bn. in 1975), and of this all but a mere Frs.186m. will be spent on its Luxembourg sites. This alone leads Government officials to estimate that after several years of decline gross fixed asset formation in the country will rise this year.

Doubtful

It is doubtful, though, whether Arbed can sustain this investment level into 1978— despite its own regular borrowings on the domestic bond market—if there is no quick pick up in the steel market. It is equally doubtful whether current pressures from the Government on it to pick up some of the pieces of a virtually bankrupt joint Belgo-Luxembourg steel company, Rodange-Athus, can enhance Arbed's future.

The long-term employment problem for Luxembourg is how the 3,500 or so steel workers that officials reckon should be made redundant by 1980 can be redeployed in other sectors. The booming banking sector, for instance, is hardly labour-intensive or, at least, not an intensive use of the skills of ex-steel workers, and Luxembourg banks which already employ 6,000 people will probably only absorb another 300 by the end of the decade.

The bleak outlook for steel is reflected in the Government's

growth estimates, which put GDP rising by 1.9 per cent this year, as against 3 per cent in volume terms last year, and guess/estimate 2.5 per cent growth in 1978. Banking and tourist invisible earnings have kept Luxembourg's trade balance favourable, though in fact all Luxembourg trade statistics are lumped together with those of Belgium. But Luxembourg's terms of trade continue to decline; exports this year are estimated to rise 2.8 per cent in volume and 5 per cent in value (again depressed by steel), while imports are reckoned to rise 4 per cent in volume and at least 6 per cent in value.

Employment pressures coupled with a falling inflation rate have combined to keep salary increases low. In the first seven months of 1977 the annual rate of inflation was down to 7.3 per cent, and even though the Government is allowing for a 1977 average inflation rate of 7.6 per cent, it is also hoping that this will decline to 6.9 per cent next year. In these circumstances it is the rapid expansion of consumer credit that will probably produce a rise in private consumption of 3 per cent this year.

Traditionally Luxembourg governments have balanced their budgets, and when last year the Government of Prime Minister Gaston Thorn tried to unbalance it by allowing for a Frs.500m. deficit (which took account of a Frs.1.1bn. Government bond issue), he failed.

The somewhat surprising result was a Frs.900m. surplus — in which bigger State spending on public works and unemployment benefits was outweighed by an unforeseen extra Frs.2bn. that taxes on banking operations brought in — a good example of Luxembourg as a financial centre subsidising Luxembourg as a steel producer. This year the Government is hoping to do better, and produce a small deficit, in addition to another Frs.1bn. bond issue, likely to be launched this month or next. Finance Ministry officials see every likelihood of public borrowing continuing at the same level in 1978.

The second push to the economy comes from the very rapid expansion in consumer credit that has taken place this year and last. Since the Government took off in late-1975 the credit growth that it had required Luxembourg's dominant domestic financial institution, the Caisse d'Epargne de l'Etat, and the four other important Luxembourg banks, to impose consumer credit has increased from Frs.2bn. outstanding at the start of 1976 to Frs.2.9bn. at end-June last. By the latter date the rate of annual increase was 30 per cent. On the other hand, housing credit, for which demand was strong in the first quarter of this year, has since filtered.

If this trend continues, and the rate of inflation continues to drop, there may well be some pressure for the Caisse d'Epargne, which provides the vast bulk of Luxembourg's housing credit, to drop its interest rates which have stayed at their present level since mid-1974 and are now beginning to look a little high.

Where the Government has taken positive action is in the creation this year of a Societe Nationale de Credit et d'Investissement (SNCI), which was approved by Parliament earlier this year and which is due to start business before the end of the year. It will have a start-up capital of Frs.1bn., coming mostly from outside the normal budget, and with Frs.500m. drawn from Luxembourg's so-called crisis fund (set up in the 1930s and now worth about Frs.1.3bn., partly in gold).

The SNCI will triple up three functions: first as a public company holding State shares in the private sector; secondly as the main provider of investment credit; and thirdly as a State provider or guarantor of export credit. Finance Ministry officials insist that it will not be used to sustain lame duck companies, and will concentrate on sectors with profitable prospects but inadequate capital resources. They say that State participation, hitherto only on an ad hoc basis, will now be formally authorised.

The Luxembourg Banking Association has not objected to this role of the SNCI, but it has criticised the Government

for entering the field of investment and export credit and competing with the banks. Their fear is that in addition to the State-controlled Caisse d'Epargne already taking 40 per cent of the consumer and housing credit market, the Government is about to create "a second elephant." Government officials, for their part, point to the country's need for greater resources in investment and export credit to match facilities provided by its neighbours—an argument that seems to have won the day.

Since the start of the year there has been a rise in the "surplus liquidity" of Luxembourg banks. This can be measured by the excess of non-bank loans to the Luxembourg banks from residents over the non-bank credits from the banks to residents. At the end of last year this surplus was Frs.45.4bn., which by the end of June 1977 had risen to Frs.48.3bn. Much of this surplus is placed in the international market place. But there has also been more activity in the domestic bond market.

Last year the Government went to the market for Frs.1bn., Luxembourg companies for Frs.1.7bn., and non-residents for Frs.1.1bn. Already this year the total floated is Frs.2.9bn. with non-residents taking

Fr.1bn. again. But with State about to come in Frs.1bn., and other issues in offing, Commission Bancaire officials reckon that this domestic bond operations, at top Frs.5bn.

Some of the reasons behind this relative flurry of activity on a market, which is not dwarfed by international issues, are a decline in interest outside the country, a long issue term (up to 12 years) that can once more be obtained and a greater need for Luxembourg companies like Arbed outside finance. But the Commission Bancaire is keen to ensure that only top class borrowers (like the City of Luxembourg this year) come to Luxembourg finance markets. This is aimed mainly to protect the local investor but also ensure a uniformity of standards and yields in the market.

The performance of Luxembourg company shares on the Bourse has improved since low in February, with the traded shares being Ais Audiofina (linked to Luxembourg) and the BNL Internationale. But the only increases of capital that have taken place are in fact issues of bond issues.

David Buch

Surer

CONTINUED FROM PREVIOUS PAGE

ability of a market in D-mark denominated certificates of every way; if you go to the deposit for example has been widely canvassed.

The most likely reason for a decline in the position of Luxembourg, apart from a general decline in the Euro-currency markets as a whole, would arise from a decision by the German banks to base the bulk of their international business elsewhere. It is possible to envisage such a development for the reason that Luxembourg is not the cheapest or freest of centres. So far the German banks have been comparing Luxembourg with Germany; if they were to start comparing Luxembourg with other places it seems possible that some of the Duchy's disadvantages, vis-a-vis these other centres might become evident in much the same way as American banks discovered it was cheaper to book business through Nassau than through London, although London was still cheaper than the U.S.

Luxembourg has certain disadvantages for large scale international lending activities, most notably a lack of double taxation agreements which, bankers say, cuts back the number of countries to which they can make loans for at least cuts back the profitability on lending business to those countries). Taxation is not low by the standards of some centres (except for holding companies).

As one bank puts it: "If as pressure for the Caisse d'Epargne, which provides the vast bulk of Luxembourg's housing credit, to drop its interest

retreat — a rare phenomenon indeed — appear to be twofold London better satisfies the need for a real international banking operation in Europe (that is, a banking operation where the staff purporting to be doing the job purports to be doing the job, insofar as they want so-called 'grass-plate' operations — an office through which bank deals so as to avoid tax reserve requirements, etc. Nassau was more satisfactory than Luxembourg.

The domestic economy course gives no good reasons for a foreign bank to be in Luxembourg — unlike many other European capital cities.

The most positive development in U.S. banking seems to be towards developing a portfolio management service out of Luxembourg. In the wake of the Credit Suisse debacle, Chiasso, one U.S. bank claim that he had had several inquiries from former Swiss bankers.

The advantages of Luxembourg for this kind of operation could be strong. With its holding company and investment trust legislation it has a long tradition as an entrepot for portfolio investment funds. This is much more the case than London and if the U.S. commercial banks' moves into securities business were to take off, Luxembourg would seem the likely place for the account of private clients to be handled. The comparison here would be with Switzerland, and most of the costs are less in Luxembourg.

fall over backwards to help the Government and say you want to set up a bank, it replies 'we will tax you'."

So far, however, the conversion of this kind of thinking into action by the German banks seems a long way off. Meanwhile, Luxembourg's international financial business thrives. The same cannot be said of the American banks. A few years ago Luxembourg was being billed as the closest there was to a potential threat to London's position as the favoured site for U.S. banks' Euro-market operations. More and more U.S. banks were setting up in Luxembourg; it was cheaper, closer to European markets and less strike-bound. One U.S. bank (Wells Fargo) set up in Luxembourg before opening in London at all.

Now there is no sign of any of that. There are actually fewer U.S. banks operating out of Luxembourg; now than was the case in 1973-74, while those that are still there have cut back their operations in Luxembourg substantially.

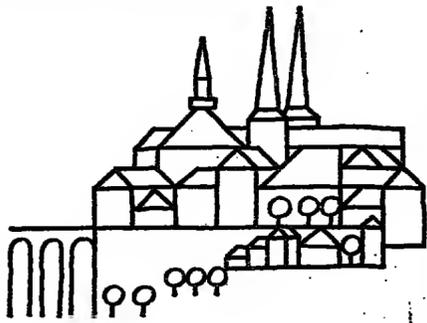
Overtook

The Germans first overtook the Americans in numbers of banks in Luxembourg in 1975. Now the Germans and Scandinavians between them account for more than double the number of Americans.

The thinking behind the German and Scandinavian banks' expansion into Luxembourg is set out in later articles.

The reasons for the U.S.

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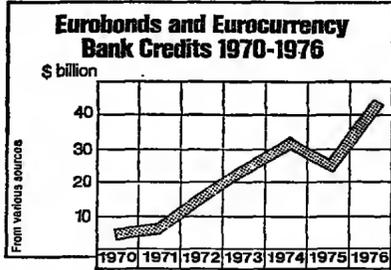


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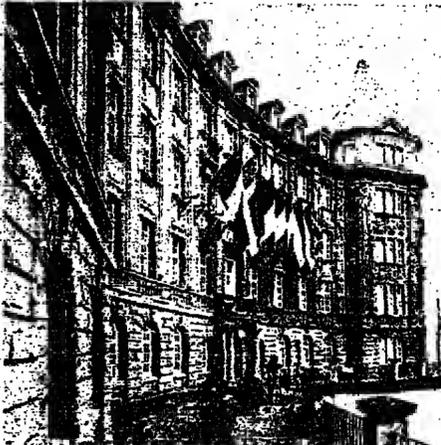
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LUXEMBOURG CAPITAL MARKET III

EIB proves its worth



The European Investment Bank's offices in Luxembourg.

THE EUROPEAN Investment Bank (EIB) came to Luxembourg from Brussels in the 1960s by a quirk of internal European Community politics. It was agreed that the Duchy...

The EIB has almost certainly drawn advantage from Luxembourg's growing international financial position and excellent telecommunications. For Luxembourg, the bank is not only of those EEC institutions that provide valued employment in the service sector, but one which also lends extra weight and prestige to its international banking reputation.

EIB operations have increased along with those of the rest of the Luxembourg market place. Financing by the bank totalled 1,37bn. European Units of Account (EUA) last year compared with 1bn. EUA in 1975. But the reasons for the growth have been rather different and lie to the EIB's responsibilities under the Treaty of Rome to provide, broadly, finance for the balanced development of the Community and, especially, to provide project finance in the EEC's poorer regions and for schemes of common European interest (mostly energy and transport projects).

The amounts that the bank has provided in these areas are every substantial indeed, and are growing rapidly. Of the total 6.3bn. EUA the bank has provided for investment in the Community, three quarters has gone to the less prosperous domestic regions—mainly in the U.K., Italy and Ireland. Of the 1.8bn. EUA the EIB has provided inside the Community for energy projects, three quarters has been made available since 1973. The bank also plays an important role outside the EEC, in providing development finance (with interest rate subsidies from the member States) as an arm of the EEC's aid policy.

For instance, last year EIB lending outside the Community rose to 187m. EUA from 89m. in 1975, mainly because of increased activity under the national EEC's Lomé agreement with made it clear at the annual meeting in June that next year they would probably vote an increase in capital. At present the capital subscribed by the bank shareholders (member States) is 3.3bn. EUA, of which only 15 per cent, or 556m. EUA is paid up.

By statute the bank's loans and guarantees outstanding cannot go over 250 per cent of subscribed capital. Thus the present ceiling on outstanding loans is 8.86bn. EUA. Even though at end-1976 the actual amount outstanding was 5.8bn. EUA or 164 per cent of the subscribed capital, given the recent and expected rate of loan activity an early increase in capital is clearly necessary.

The bank is "responsive" to the wishes of the EEC Commission. A Brussels official sits on the EIB board to inform his co-directors what those wishes are and to try and make sure that the bank's activities further Community aims. But the EIB is also financially and administratively a separate body, and as one of its vice-presidents, Sir Raymond Bell (a former U.K. Treasury official) comments: "We are not a philanthropic institution." The bank's purpose is to use its triple A credit rating, based on the security of its own capital and the soundness of its loan portfolio, to borrow long term as cheaply as possible and lend on to viable and productive projects, while covering its own costs.

The basic philosophy is where possible not to compete on the EEC capital markets but to go outside to bring fresh money into the Community. Of the 789m. EUA that the bank borrowed on the capital markets last year, only 150 EUA were in Community currencies. True this was an exceptionally low proportion because of high interest rates in many EEC countries and because the bank had to limit its D-mark issues. Despite abundant liquidity and falling interest rates in this sector, borrowers were unwilling to take the exchange rate risk of D-mark loans.

It is no accident that the bank sticks to harder currencies with lower interest rates. For one thing, its biggest customers are Britain and Italy, and it would serve little purpose lending lira to Italian projects or sterling to British. In competition with the domestic commercial banks, the EIB sees its role as complementary to the private banks: indeed the banks often introduce clients to the EIB.

The EIB does not lend more than 50 per cent of the cost of a project, with a ceiling of 80m. EUA on any one loan. But for very large projects of Community interest, mounted by several organisations, two or more loans totalling a larger sum could be granted. This is how, for instance, the EIB might help finance the Channel Tunnel if that project were ever to be revived.

In addition to checking thoroughly the viability of a project that it is financing, the bank also requires guarantees from the EEC member State in whose territory the project is being carried out, though guarantees can also be provided by public authorities or by charges on collateral and liquid assets.

But there is also another type of guarantee—that against exchange rate fluctuations on the EIB loans themselves—which many borrowers want. This is provided by the U.K. Treasury, for instance, on all loans to British public authorities, and by the Italian Government, particularly for the development of the Mezzogiorno. But the lack of an exchange rate guarantee can pose problems for companies which do not have foreign exchange earnings themselves to cover the risk on a foreign exchange loan.

This is a source of concern to the bank, which wants to increase its loans to industry, particularly to the smaller companies. Last year there was an upswing in lending to industry to 298m. EUA from 138m. EUA in the had year of 1975. But bank officials would like to see more than the present 27 per cent, or loans going to industry.

One way it tries to achieve this is by a "wholesale-retail" operation—the granting of "global loans" to intermediary financial institutions for lending to small and medium-sized industry. Last year seven "global loans" worth 61m. EUA (10m. EUA in 1975) were granted. But the snag is that these small companies are precisely those that find it hardest to take the exchange rate risk. The president of the EIB, M. Yves Le Portz, suggested to the bank's governors in June that they should consider extending their exchange rate cover in this area.

The EIB appears quite willing to increase its activities, as both EEC Governments and Commission officials would like. Bank officials concede that there may be some slow-down in its loans for nuclear power plants, if the growing anti-nuclear lobby succeeds either by direct action or through the courts in delaying new construction. Otherwise, an overall increase in EIB operations is expected.

But there are some worries about the indirect effects of the new Jenkins Commission's international borrowing plans on the amounts the EIB can raise. The EEC Commission's plan to develop a new line of Community borrowing, of up to 1bn. EUA, for industrial reconstruction reception this summer, by Ministers of the Nine, whose approval is needed. But the EIB fear is that yet another Community borrowing institution— in addition to the Coal and Steel Community, Euratom and the EIB itself— could produce too much EEC "paper" for the markets to digest.

There is no country-by-country allocation of EIB loans, as there is with bodies like the EEC Regional Fund. Any such straitjacket would prevent the bank acting like a bank, seeking out viable projects wherever they can be found. But the U.K. gets a large share, 259m. last year or 38.5 per cent of all EIB operations within the Community.

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Expansion of cross-Channel hovercraft links, a new ferry between Holyhead and Ireland, and the development of high-speed Advanced Passenger Train.

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David Buchan

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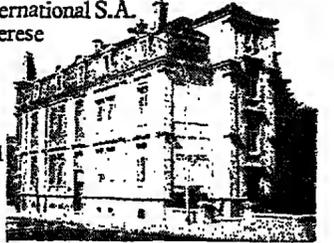


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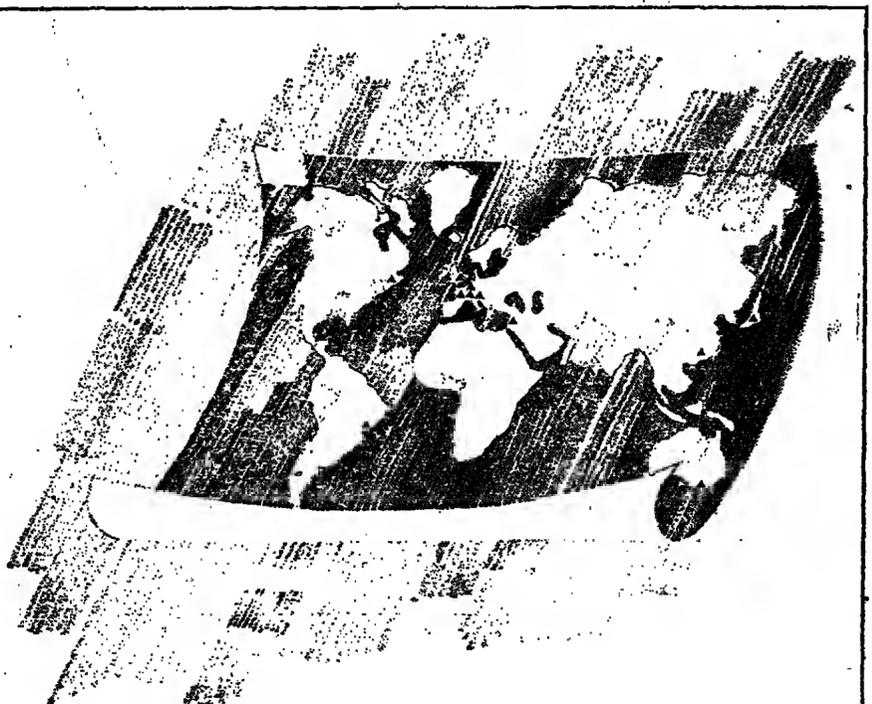
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Vertical text on the left margin: my, vest- and banks, tion office, nisse 0 per and the, create this relative, part, on a market, it for dwarfed by, ment are a decline, match outside the, issue seen over, that can over, 1980s by a quirk of internal, European Community politics, it was agreed that the Duchy, mission Bank, ensure that the, from borrower the, bank Luxembourg, year This is aimed, 1.8bn., ensure a, 1977, much, But Bourne has, low in February, traded shares, Audifolien (the, International, for taken place, 2.9bn., taking, ip in retreat, indeed - a, to the London, needs for a, banking open, EEC's poorer regions and for, schemes of common European interest (mostly energy and transport projects), while, insur, has provided in these areas are, every substantial indeed, and are, growing rapidly, Of the total, 6.3bn. EUA the bank has provided for investment in the, Community, three quarters has, gone to the less prosperous, domestic regions—mainly in the U.K., Italy and Ireland. Of the 1.8bn., EUA the EIB has provided inside the Community for, energy projects, three quarters has, been made available since, 1973. The bank also plays an, important role outside the EEC, in providing development, finance (with interest rate, subsidies from the member States) as an arm, of the EEC's aid policy., For instance, last year EIB, lending outside the Community, rose to 187m. EUA from 89m., in 1975, mainly because of, increased activity under the national, EEC's Lomé agreement with, made it clear at the annual, meeting in June that next year, they would probably vote an, increase in capital. At present, the capital subscribed by the, bank shareholders (member States), is 3.3bn. EUA, of which only 15, per cent, or 556m. EUA is, paid up., By statute the bank's loans, and guarantees outstanding, cannot go over 250 per cent, of subscribed capital. Thus the, present ceiling on outstanding, loans is 8.86bn. EUA. Even, though at end-1976 the actual, amount outstanding was 5.8bn., EUA or 164 per cent of the, subscribed capital, given the, recent and expected rate of, loan activity an early increase, in capital is clearly necessary., The bank is "responsive" to, the wishes of the EEC Commission. A Brussels official sits on, the EIB board to inform his, co-directors what those wishes, are and to try and make sure, that the bank's activities further, Community aims. But the EIB, is also financially and administratively, a separate body, and as one of its vice-presidents, Sir Raymond Bell (a former U.K. Treasury official) comments: "We are not a philanthropic institution." The bank's purpose is to use its triple A credit rating, based on the security of its own capital and the soundness of its loan portfolio, to borrow long term as cheaply as possible and lend on to viable and productive projects, while covering its own costs., The basic philosophy is where possible not to compete on the EEC capital markets but to go outside to bring fresh money into the Community. Of the 789m. EUA that the bank borrowed on the capital markets last year, only 150 EUA were in Community currencies. True this was an exceptionally low proportion because of high interest rates in many EEC countries and because the bank had to limit its D-mark issues. Despite abundant liquidity and falling interest rates in this sector, borrowers were unwilling to take the exchange rate risk of D-mark loans., But the bank's general spread can be seen from its total borrowings at end-1976 of 4.7bn. EUA—of which 43 per cent, was in U.S. dollars, 14 per cent, in D-marks and 9 per cent, in Sw. francs. This year saw the first EIB loan to the Shetlands Islands Council ever raised by the bank., It is no accident that the bank sticks to harder currencies with lower interest rates. For one thing, its biggest customers are Britain and Italy, and it would serve little purpose lending lira to Italian projects or sterling to British. In competition with the domestic commercial banks, the EIB sees its role as complementary to the private banks: indeed the banks often introduce clients to the EIB., The EIB does not lend more than 50 per cent of the cost of a project, with a ceiling of 80m. EUA on any one loan. But for very large projects of Community interest, mounted by several organisations, two or more loans totalling a larger sum could be granted. This is how, for instance, the EIB might help finance the Channel Tunnel if that project were ever to be revived., In addition to checking thoroughly the viability of a project that it is financing, the bank also requires guarantees from the EEC member State in whose territory the project is being carried out, though guarantees can also be provided by public authorities or by charges on collateral and liquid assets., But there is also another type of guarantee—that against exchange rate fluctuations on the EIB loans themselves—which many borrowers want. This is provided by the U.K. Treasury, for instance, on all loans to British public authorities, and by the Italian Government, particularly for the development of the Mezzogiorno. But the lack of an exchange rate guarantee can pose problems for companies which do not have foreign exchange earnings themselves to cover the risk on a foreign exchange loan., This is a source of concern to the bank, which wants to increase its loans to industry, particularly to the smaller companies. Last year there was an upswing in lending to industry to 298m. EUA from 138m. EUA in the had year of 1975. But bank officials would like to see more than the present 27 per cent, or loans going to industry., One way it tries to achieve this is by a "wholesale-retail" operation—the granting of "global loans" to intermediary financial institutions for lending to small and medium-sized industry. Last year seven "global loans" worth 61m. EUA (10m. EUA in 1975) were granted. But the snag is that these small companies are precisely those that find it hardest to take the exchange rate risk. The president of the EIB, M. Yves Le Portz, suggested to the bank's governors in June that they should consider extending their exchange rate cover in this area., The EIB appears quite willing to increase its activities, as both EEC Governments and Commission officials would like. Bank officials concede that there may be some slow-down in its loans for nuclear power plants, if the growing anti-nuclear lobby succeeds either by direct action or through the courts in delaying new construction. Otherwise, an overall increase in EIB operations is expected., But there are some worries about the indirect effects of the new Jenkins Commission's international borrowing plans on the amounts the EIB can raise. The EEC Commission's plan to develop a new line of Community borrowing, of up to 1bn. EUA, for industrial reconstruction reception this summer, by Ministers of the Nine, whose approval is needed. 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LUXEMBOURG CAPITAL MARKET IV

West Germans have the biggest slice

ON THEIR own estimates, the German banks now account for some 50 per cent. of the banking business transacted in Luxembourg, and their presence in force has over the past few years dictated the development of Luxembourg's financial markets—though their arrival in the first place reflected quite different factors.

Dresdner Bank was the first German bank to move into Luxembourg, in July 1967. According to Herr Volker Burghagen, joint managing director of the Luxembourg subsidiary (which has recently been renamed the Compagnie Luxembourgeoise de la Dresdner Bank AG), the move was never expected to give rise to a company of the size and importance it has today.

It was merely that Dresdner Bank, as a major force in German banking, thought it time to look abroad; and Luxembourg offered the advantages of language, position, relative cheapness—certainly as compared with London—common membership of the EEC, and rather fewer inhibitions on account of the war than the mother bank as the first of the German majors to open up abroad feared it might encounter in London. In the event the footings of Dresdner Bank's Luxembourg subsidiary have increased from Frs.1.2.7bn. to Frs.1.2.03.2bn. over the past decade, and its establishment in Luxembourg has been followed

by that of 20 other German banks. A few of those 20 followed Dresdner Bank to join the handful of American and French banks already in Luxembourg before the turn of the decade; but the real influx of German banks came in the wake of the imposition of the Bardepot restrictions in Germany in 1972. After that German banks looking for expansion had to look abroad: and Luxembourg became the focus of all eyes. Its natural advantages were after all complemented by liberal requirements on the debt-to-asset ratio, which permitted large-scale expansion on a relatively small capital base; and while for the sake of safety the Luxembourg banking authorities required a high (30 per cent.) degree of liquidity of the banks within their jurisdiction, how they deployed that liquidity was left (profitably) to them.

The influx has now become self-feeding. For in addition to its natural advantages (not after all, all that natural to the Scandinavians and Arabs who are now setting up business in Luxembourg, or the Japanese whom the Luxembourg authorities hope may follow them), the liberal requirements which attracted foreign banks in the first place, Luxembourg now also offers a large and active Eurocurrency market. The presence of the German banks, in particular, has turned the country into the leading centre for Eurodollar business. So while London remains the

great Eurocredit centre, with the majority of medium-term lending in its grasp, thanks to its preponderance in the Euro-dollar market, Luxembourg reckons it ranks second. Just at the moment, though, that is not much of a cause for rejoicing for the banks in Luxembourg, for with spreads narrowing they are all, Germans and others alike, crossing their fingers against a repeat of the plunge to 1 of 1 per cent. which was seen in 1973, and wondering whether they can change their mix of business.

The German banks established in Luxembourg in fact hold diversified portfolios of assets already, and exercise themselves on a wide range of activities. Dresdner Bank's subsidiary in Luxembourg is itself relatively light on Eurocurrency lending, with maybe 35-40 per cent. of its assets tied up there at the moment; interbank deposits and a portfolio of securities—mainly D-mark bonds—account for the rest.

Arbitrage

The securities business gives rise to some arbitrage, and in addition the company—like the Westdeutsche Landesbank Girozentrale subsidiary WestLB International, which makes a speciality of it, or Deutsche Girozentrale International—is active in the foreign exchange market. Unlike them, Compagnie Luxembourgeoise de la Dresdner Bank also goes in for

a certain amount of portfolio management for clients—a business arising from its parent company in Germany—and for some bullion dealing. Most of the German banks admit to mismatching their assets and liabilities from time to time in the hopes of making a quick turn: all of them claim that it is done on a very limited and controlled basis—though of course there are always "other people" who will commit up to 25 per cent. of their portfolios in this way. That is not likely at the moment, though; the yield curve is too flat.

The extent to which the banks in Luxembourg take their own decisions on risks varies widely with their degree of independence from their German mother company. There are those, like Deutsche Girozentrale, which reckon to consider their risk and their exposure in conjunction with that of their parent; there are others which are more or less completely independent of the point, indeed, of running all their banking group's Eurocurrency business, right up to the arrangement of syndicated loans.

That, though, is relatively unusual. In most cases it is the mother company which has the resources—in terms of trained and skilled banking personnel, as much as anything else—to undertake such highly complex arrangements. Where loans are arranged out of Luxembourg, rather than Frankfurt or wherever, it might be for no other reason than that the local management is, on such a nominal arrangement, entitled to a rather higher slice of the fee.

No matter how close the relations between the mother companies in Germany and their daughters in Luxembourg, the latter are unanimous in their desire to build up sufficient reserves to maintain their independent viability in the event of a banking crisis. It provides one of the few points of complaint against the Luxembourg authorities: that in the case of loans to States or State-backed institutions, the normally permitted 1.5 per cent. provision against bad debts is disallowed. Given that most of the German subsidiaries in Luxembourg are relatively recently established, this passion to build up hidden reserves is perhaps understandable—but hardly sensible. In the event of a crisis any subsidiary of a German bank would stand or fall by the credit of its mother company.

That any such possibility arise, in Luxembourg anyway, is dismissed by the German banking community, on its grounds. In the first place Luxembourg's monitoring system is thorough; top heavy on the bureaucracy, perhaps, but thorough. In the second the banks established in Luxembourg have, on the whole, reputations to look after: there are no extraordinary concessions, on tax or anything else, to attract the fly-by-night, taxes which the banks pay in fact fund a large part of Luxembourg budget.

A major problem for the German banks, as indeed for banks conducting foreign business out of Luxembourg, nevertheless arises out of a country's tax status. The country's tax status, on the other hand, though there is another with Brazil under negotiation—means that there is some loan business which is to be turned down, or at least shuffled off to the mother company. It is not a prohibitive dimension, arising from anything else, the big tax to States and State institutions are generally tax exempt in borrowing countries; but WestLB International, for example, reckons that it may have to pay the German banks in Luxembourg some DM100m. in the year. It is, certainly, not enough to have the Luxembourg Government considering doing something about it, though remains to be seen whether a solution is to be a subsidy: eliminate the handicap or probably a less practical alternative—the conclusion of a double tax agreement.

In the meantime, while the German banks in Luxembourg continue to develop into what one Government Minister describes as areas more sophisticated than Eurocredit—interbank business and like—there is one area in which it is reasonably certain that the will not intrude. That is the Luxembourg domestic market. Though least one of the domestic banks—Banque Intercontinentale Luxembourg—is planning a drive to build up its foreign business, the German subsidiaries in the country reckon that the potential rewards carrying the fight the other way just do not justify the hassle that would ensue.

Adrienne Gleeson

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|---|-------------|---------|
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Norway

| | | |
|----------------|-------------|---------|
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|---|-------------|---------|
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|---|-------------|---------|

BANKS BY GEOGRAPHICAL OWNERSHIP*

| | Luxembourg | Belgium | France | W. Ger. many | Switzer-land | U.S. | Scandi-navia | Other countries | Multi-national joint ventures | Total |
|-------------|------------|---------|--------|--------------|--------------|------|--------------|-----------------|-------------------------------|-------|
| 1970 | 9 | 4 | 5 | 3 | 2 | 6 | 0 | 5 | 3 | 37 |
| 1971 | 9 | 4 | 5 | 6 | 3 | 9 | 0 | 5 | 3 | 44 |
| 1972 | 9 | 4 | 5 | 11 | 4 | 11 | 0 | 5 | 4 | 53 |
| 1973 | 9 | 4 | 5 | 15 | 5 | 17 | 2 | 8 | 10 | 75 |
| 1974 | 9 | 4 | 5 | 16 | 6 | 17 | 3 | 12 | 11 | 83 |
| 1975 | 9 | 3 | 5 | 17 | 6 | 14 | 3 | 12 | 11 | 88 |
| 1976 | 9 | 3 | 5 | 16 | 6 | 13 | 8 | 14 | 10 | 84 |
| 1977 (June) | 9 | 2 | 6 | 21 | 6 | 13 | 9 | 15 | 11 | 92 |

* In the case of branch companies: country residence of parent company.
* Of which four were inactive.

Source: Commissariat au Contrôle des Banques.

The Minister at the helm

ECONOMIC affairs in Luxembourg are under the direction of M. Jacques Poos, the former journalist and director of Tageblatt, who now heads both the Ministry of Finance and the Ministry of the Interior. Like all the members of the Socialist/Democratic Party coalition which has been in power since 1974, he takes a pragmatic view of the size and importance of the financial community.

Recession in the steel industry in general, and over-manning in the Belgian/Luxembourg part of it in particular, has created losses in this, Luxembourg's biggest industry, and as a result the country's financial services for the moment make the biggest contribution to its exchequer. But M. Poos sharply disputes any suggestion that the country is over-dependent on the financial sector.

Banking, he points out, has the same relative importance for the Luxembourg economy as it has for that of Switzerland, providing in normal circumstances some 10 per cent. of the country's tax revenues and some 4 per cent. of its employment. (The question of whether this is too much, hotly debated in Switzerland, does not seem to have arisen at all in Luxembourg.) New banks—provided they conform to the standard of respectability which the Luxembourg Government is trying to impose—are still very welcome: in fact they are still coming in at the rate of almost one a month.

Legislation to encourage expansion of its financial services—most notably the tax concessions which favour the creation of Luxembourg holding companies—is described by M. Poos as "the defence of a weak country." Nowadays, however, that defence is by no means as necessary as it once was, partly because of the influx of European institutions—particularly the European Investment Bank—and partly because the expansion of the banking community has acquired a momentum of its own. That expansion has, M.



M. Jacques Poos, Minister of Finance and Minister of the Interior.

Poos says, given Luxembourg "an international financial place."

It has also reduced the relative importance of the holding companies on which the country's standing as a financial centre was originally based, so that the Government is not unduly worried that its new legislation will knock out the dormant among them in great numbers. The new legislation represents, according to M. Poos, a tightening of surveillance rather than a change of policy. Undoubtedly, though, it also reflects the Government's desire to demonstrate to the rest of the world that in respect of its financial services Luxembourg may be considered whiter than white.

Plans for the country's future economic development do not hinge on the further growth of its financial services, but rather on attempts to diversify its steel industry out of high-cost basic production and into the development of more specialised and sophisticated products which have a more competitive edge. M. Poos recognises that this is going to require enormous capital investment. He

points out, though, that Luxembourg was the only country in Europe which stepped up its investment in the steel industry last year.

The Luxembourg Government is also, in conjunction with the trade unions and employers' organisations, planning for the introduction of fiscal and direct incentives for further investment in what M. Poos describes as "middle industry"—industrial companies such as Good-year and Monsanto. At the moment these companies provide a third important leg for the Luxembourg economy (Radio Luxembourg provides a fourth), and M. Poos considers them an obvious area of diversification. He accepts that limited communications, at any rate in respect of air travel, may prove something of an obstacle, but points on the plus side to the remarkable social and political harmony with which Luxembourg is favoured.

A.G.

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exchange requirements for once in Luxembourg. The investment or trading purposes American banks there have, indeed, recently been cutting back their operations.

The Scandinavian banks, however, reckon that the Luxembourg market in Eurodollars is still quite ample enough to justify their recent influx. Their business (and on outside estimates they account for some 15 per cent of the Eurofinance arranged through Luxembourg, though individual Scandinavian bankers put the total lower, at between 5 and 10 per cent.) is concerned to a much greater extent than, say, that of setting up in Luxembourg the German banks, with the finance of trade.

Thus, Union Bank of Finland, for example, reckons to have over two-thirds of its funds tied up in short- and medium-term loans to Finnish companies. But this may be no more than a reflection of a relatively recent incursion into foreign banking. Certainly PKBanken, the Scandinavians reckon to do most of their business—curiously because (certainly relative to the market in D-Mark credits), Eurodollars have been of declining import-

BANK ASSETS AND EMPLOYEES

| | Number of Banks | Combined Balance Sheet (Fr.s.bn.) | Employees | % of Working Population |
|-------------|-----------------|-----------------------------------|-----------|-------------------------|
| 1947 | 13 | 6 | 730 | 0.5 |
| 1950 | 15 | 8 | 770 | 0.6 |
| 1955 | 15 | 15 | 1,000 | 0.8 |
| 1960 | 15 | 23 | 1,280 | 1.0 |
| 1965 | 20 | 47 | 2,070 | 1.5 |
| 1966 | 23 | 57 | 2,220 | 1.7 |
| 1967 | 26 | 66 | 2,390 | 1.8 |
| 1968 | 26 | 90 | 2,620 | 2.0 |
| 1969 | 32 | 136 | 3,190 | 2.4 |
| 1970 | 37 | 236 | 3,760 | 2.8 |
| 1971 | 44 | 343 | 4,270 | 3.1 |
| 1972 | 53 | 517 | 4,780 | 3.3 |
| 1973 | 75 | 832 | 5,240 | 3.8 |
| 1974 | 83 | 1,067 | 5,670 | 3.8 |
| 1975 | 80 | 1,478 | 5,810 | 3.9 |
| 1976 | 84 | 1,703 | 6,089 | 4.1 |
| 1977 (June) | 92 | 1,813 | n.a. | n.a. |

Source: Commissariat au Contrôle des Banques.

هنا آمن لأصل

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LUXEMBOURG'S position in the Eurobond market is based on two main planks:

1.—Its role as a service or administrative centre for the Eurobond market: the stock exchange on which most Eurobond issues are quoted is Luxembourg; one of the two clearing houses (Cedel, see below) is in Luxembourg; and Luxembourg is likely to house the market's computerised trading system Eurex (see below) if and when this gets off the ground.

2.—Its role as a back-door into Belgian investment money. Because Belgian domestic interest rates have been high by international standards in the last 18 months, not much money has been flowing from Belgium into the Eurobond market. However, historically, Belgium has been a major source of funds for borrowers on the Eurobond market and much of this has flowed via Luxembourg (the "Belgian postman" has become the proverbial phrase to describe the traditional Eurobond investor).

Further detail on Cedel and Eurex is set out below. Almost more important than either of these is the Luxembourg bourse (which has indeed been the moving force behind Eurex itself). The Luxembourg bourse is the closest that the Eurobond market has to a single geographical home: conversely the Luxembourg bourse, with a tiny home economy to finance, is probably more occupied with international issue business, in this case mainly Eurobond market business, than any other stock exchange in the world.

This is not to say that much actual bond trading goes on in Luxembourg. Indeed, although Luxembourg houses its share of Eurobond traders, its importance in the day-to-day activity in the secondary market is negligible. Very little trading actually

occurs on the bourse itself—the use of the bourse for listing purposes is mainly to comply with legal requirements for institutional investors in many countries. Insofar as Luxembourg is at all significant in trading Eurobonds this is entirely due to the trading departments of the banks there operating, like all Eurobond traders, on an over-the-counter (or more precisely, over the telephone) basis. And, although many of the banks in Luxembourg involve themselves in Eurobond trading in this way they are not, with the possible exception of Kredietbank Luxembourg—also, a major force in the market.

Currency

On the other hand, if one excludes D-mark denominated Eurobond issues (which get listed on German stock exchanges), close on 100 per cent of all Eurobond issues are listed on the Luxembourg stock exchange. The issues listed range across almost every currency in which Eurobonds have ever been made. The table below showing last year's experience gives some idea of the range encompassed by this market and the volume of new stocks listed:

| Currency | Amount (m.) | % of total |
|-----------|-------------|------------|
| U.S. \$ | 5,793 | 78.0 |
| U.C. | 99 | 100.0 |
| DM | — | — |
| FF | 49 | 100.0 |
| Can. \$ | 1,275 | 89.2 |
| Aus. \$ | 19 | 100.0 |
| UAE Dhms. | 25 | 100.0 |
| K. Dinars | 224 | 100.0 |
| Total | 7,664 | 68.9 |

Among the reasons for the popularity of the Luxembourg exchange for Eurobond listings are the speed with which it processes applications—the banking control commissioner (the supervising authority) requires

two weeks in which to examine the prospectus—and the general flexibility of the Stock Exchange. The Luxembourg authorities will often accept accounting practices of the home country of the borrower thus making it unnecessary for the borrower to go in for complicated, expensive and, perhaps, in some cases, embarrassingly revealing special audits.

The flexibility of the stock exchange has been most recently illustrated by a Eurobond issue currently on offer in the market. For the first time in the history of the Eurobond market an issue is being made in such a way that only part of the overall amount is being raised at the time of the original announcement leaving the way open for a subsequent tranche later. The

borrower is the Austrian export credit bank (the Kontrollbank) and the issue is guaranteed by the Austrian state so that there is less possibility of a change of quality than would be the case with some borrowers. However, it would not perhaps have been accepted by all stock exchanges that the whole amount of the issue, whether the second tranche is sold within two weeks or not

for nine months, may count as one issue, sharing a prospectus and so on (with the proviso that there must not be any material change for the worse in the condition of the borrower between now and the issue of the second tranche).

Capitalising on its position as a listing centre, the bourse has built up some other services. These include, for example, the most comprehensive list of prices and yield indices in the Eurobond market.

If the plans for Eurex come off it will be the Luxembourg Bourse that the market will have to thank for much of the groundwork and perseverance, sometimes in the face of outright opposition and frequently of apathy.

Luxembourg's significance in the Eurobond new issue business derives almost entirely from the importance of Belgian investors in the market. As far as management of new issues is concerned, the only institution of any significance is Kredietbank Luxembourg, a Luxembourg-based affiliate of the Belgian bank of the same name. This institution on occasion tops the league tables for issue manage-

ment in the Eurobond market, though this has not been the case for a couple of years now.

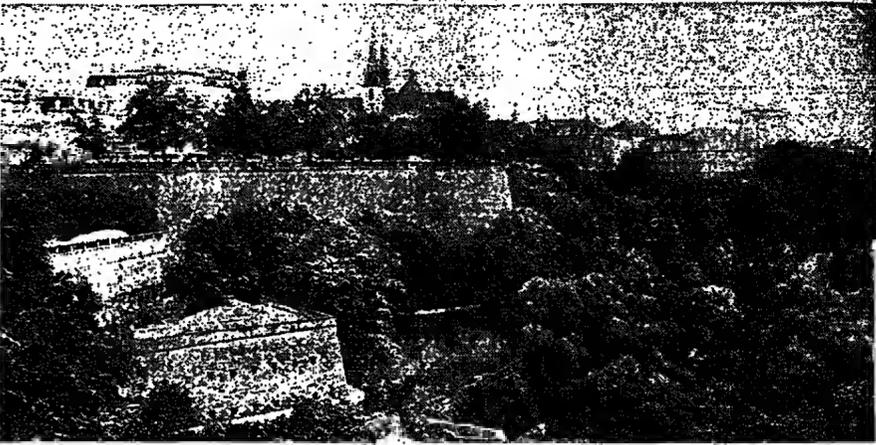
The area of the market which Kredietbank Luxembourgise has made peculiarly its own is issues in so-called "units of account," a fictional basket of currencies in which issues have been denominated in order to minimise the impact on investors and borrowers alike of changes in individual currencies (payments of interest, etc., are made in real currencies, the amount paid depending on what the basket is worth). The formula has had its problems and has not been much used for some time now but as far as some currency cocktails go it has been by far the most successful.

Varied

In general, the importance of Luxembourg in the primary sector of the Eurobond market has varied enormously from year to year. And the main factor behind the change is what Belgians can earn on Belgian franc investments. Last year Belgian interest rates were held at high levels by the Belgian authorities

mainly in order to ease currency (though, in Britain, longer term rates to be forced up by government borrowing). Last year the rate of month Belgian francs high as 12 per cent, with rates ranging across that level. Belgians are money at home and bank management groups for per cent of Eurobond two previous years.

Now the situation changed—the six-month for Belgian francs is 7 per cent, or so and some signs that Belgians are beginning to come back Eurobond market. So movement into seems to have been treated on D-marks appear to be holding far as dollar-denominated paper is concerned, with dollar interest apparently stabilised currency realignment out of the way, they will be tempted back into the mains to be seen.



The Corniche and the Cathedral from the Pont Adolphe.



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Cedel broadens its services

APART FROM the Luxembourg Bourse itself, the most important contributor to Luxembourg's importance in the Eurobond market's institutional infrastructure is Cedel—Centrale de Livraison de Valeurs Mobilières, to give it the full name it now never uses. This clearing system for bonds traded in the secondary market is now used by over 800 Eurobond trading institutions. Cedel was established in January 1971 by 71 international financial institutions. It was the second clearing house

in the Eurobond market. The first, Euroclear, had been set up and was at that stage still owned by the American bank Morgan Guaranty. It was partially because of the feeling that a clearing house should be "neutral"—not attached to any single financial institution—that Cedel was set up, on a non-profit making basis.

However, the Cedel system also incorporated different views on how Eurobonds should be cleared and the intervening years since 1971 have seen great rivalry between the two clearing houses.

In some respects this could be classified as productive competition—each had to take up the most popular aspects of its rival's mode of operation. Cedel's current plans for improving its service are no exception to this.

Perhaps Cedel's biggest disadvantage by comparison with Euroclear is the fact that it is not organised to offer traders overdraft facilities. This, if nothing else, has ensured that the bulk of the professional (that is, inter-broker) business goes via Euroclear since professionals finance their holdings of bonds on borrowed money.

This is the major area that Cedel is concentrating on improving at present. It has already decided in principle to offer overdrafts and it hopes to introduce facilities secured on bonds held in the Cedel system, within the next couple of months. The way it would work is that a participant could have overdraft facilities of up to a specified proportion—perhaps 90 per cent—of the bonds it holds in the Cedel system. Conversely, Cedel would block in the system sufficient bonds to act as collateral for the overdraft.

Participants would be free to arrange these facilities with any bank they chose. However, Cedel hopes to have several banks lined up to provide them. So far only one bank has agreed in principle and if necessary Cedel will go ahead with this one bank alone.

Another area where Euroclear is ahead of Cedel is in

bond-lending, a system whereby holders of bonds can earn a little extra interest by lending them to dealers who find themselves short. Such a situation is not infrequent in this market and is particularly likely to happen when delivery of bonds is delayed for one reason or another.

Cedel is hoping for a Board decision to allow it to introduce a bond-lending service by the end of this year (it has one bank lined up to provide the necessary banking facilities, the same bank has agreed to provide overdraft facilities).

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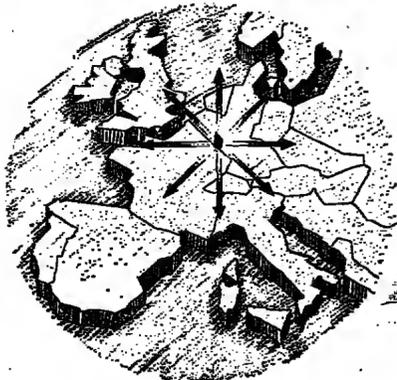
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- money- and foreign exchange dealing
- dealing in securities
- acting as trustee
- acceptance of deposits

FINANCIAL HIGHLIGHTS 1977 as of March 31st in million US \$

| | | | |
|---------------------|-----|----------------------|-----|
| Balance sheet total | 948 | Capital and reserves | |
| Loans | 400 | after distribution | 30 |
| Due from banks | 375 | of profit | 5 |
| Bonds | 156 | Net income (1976/77) | |
| Customers' deposits | 102 | Dividend payment | 10% |

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Yoshi Uchiyama

the Stricter vetting for banks

ATION OF banks in Luxembourg has in the past been heavily on an unwritten conduct. To the extent a new bank must be approved by two "god parents" of at least five years' standing in the Duchy; these parents are supposed not to vouch for the commercial soundness of the bank, but to inform it of the rules of the Luxembourg game. As the number of banks in Luxembourg grows, the traditional operations have become a little less strict. Luxembourg's authority which along with the Finance Ministry issues licences for banks, has more thorough, and 73 Luxembourg has imposed pretty severe minimum requirements. Minimum subscribed capital must be 50m, of which at least 10m must be paid up.

usive

established, a bank under the exclusive purview of the Commission Bancaire 1945, the Commission presided not unlike a schoolmaster over Luxembourg banking scene. In 1965 has been responsible for securities' sales. M. Pierre the Banking Commission January last, says the Commission has no intention of looking like a bank—even though himself clearly knows central banking is all having spent some 10 years in the Bundesbank. The Commission does not issue the Duchy's bank licence important, it is not a lender of last resort for the commercial banks; it requires that banks maintain deposits with

low suit. In the early 1970s, when the Luxembourg authorities wanted to crack down on inflation, the main instrument was the CEE which put ceilings on housing credit. Then there is the "non-numerical approach" of the Commission to supervision, which consists of basically reporting requirements and inspection. Every month banks must produce their full balance sheets, plus their foreign exchange position. Every quarter they must give the Commission their profit and loss account, and in addition enough information to enable the Commission to draw up what it regards as its valuable analysis of the geographical breakdown of Luxembourg's lending and borrowing operations.

Inspection

Once a year the Commission carries out a field inspection of the bank's books, although the influx of foreign banks has brought many which also use independent auditors. This the Commission welcomes as forming a double check, and Mr. Jaans points out that with it Luxembourg gets the best of both worlds—between the Belgian system which relies on its own very special system of "reviseurs," which act as a sort of "institutional spies" inside the Belgian banks, and the German and Swiss systems which rely totally on independent auditing.

Only three years ago, in the wake of the Herstatt affair, it looked as though Luxembourg might be moving towards a central banking system. The previous Commissaire Bancaire, Mr. Albert Dondelinger, then

talked of starting up a "solidarity" or life boat fund for banks with liquidity problems, with the big Luxembourg banks contributing on a quota basis. But nothing came of the idea, partly because in the event the Duchy passed smoothly through the post-Herstatt ructions, partly because Commission Bancaire officials after all decided that their "preventive" supervision was largely adequate, and partly because of the backing that Luxembourg subsidiary banks can count on from their parent banks abroad.

Mr. Jaans says there is a growing cross-current of information between Luxembourg which is keen to ensure that parent banks are healthy and other countries which want to know that their daughter banks in Luxembourg are behaving themselves. The Banking commissioner does not, however, rule out that "in the future loose consortia of banks might be put together" should the need for rescue operations arise. He does rule out insurance of deposits, as practiced in the U.S. because it would be too expensive to do for the Euromarkets, and because the domestic Luxembourg banks do not feel the need for such a step.

Mr. Jaans sees no problem for Luxembourg in accepting the banking directive that the EEC Commission has proposed and which member states have been discussing for the past three and a half years. Basically, this would allow a bank set up in one EEC State to establish branches automatically in others. On the matter of harmonising supervision techniques, the directive is vague, leaving it to a new contact committee between EEC banking authorities.

D.B.

Eurex under way

argely due to this last the margin between and creditor rates by the Luxembourg market to be lower than precisely because not have to freeze their deposits by lodg- ing with a central bank. The Commission does use numerical formulae the banks in order. It is the "liquidity that banks must hold assets, up to one maturity, 30 per cent total liabilities. In

invited to subscribe to shares in the system. It is intended to be operational by early 1979. The basic rationale for the project lies in the fact that Eurobond trading is already done on the telephone and telex. The idea is that anyone wanting to buy or sell particular bonds, instead of having to telephone at least half a dozen different dealers to get a quotation (or to get the best price) would make one call only. This would be to the Eurex computer, which would automatically link him up with those prepared to sell or buy the stock.

Syndicate

The first formal move towards the establishment of Eurex was in September, 1973 (September 21 to be precise, four years to the day from the intended date for incorporation of the Eurex company this month), when a group of 88 banks from 14 different countries formed a study syndicate to work out how to implement a computer-assisted trading system for Eurobonds. Technical consultants were employed and a great deal of analysis was done. The formal presentation was made in June 1974.

Unfortunately by then market conditions had deteriorated considerably. As it was put at the time of the June 1974 meeting of the study syndicate: "one might legitimately ask why today's meeting has been called since, there being no market, there seems to be no need for a new market instrument."

In practice, although plans for the Eurex project reached an advanced stage, they foundered until earlier this year. There seem to have been two main reasons for this. One was the general non-activity (and therefore non-profits) in the market mentioned above—no one had the money spare for new investment. The other was the cost of the project.

The problem of low market activity has been more than solved in the last couple of

years, with levels of trading reaching ever greater heights. The problem of the cost of the project has been considerably alleviated by the proposal from IBM earlier this year. As described by Eurex in a presentation to international bond dealers this is for "co-operation in set up and operating of the project whereby they (IBM) would provide the hardware, software and part of the technical staff required." The IBM proposal was described as "very appealing," since it involved less initial investment from Eurex than had been envisaged in the earlier feasibility study where the whole initial investment was to be financed directly by Eurex.

This new development made it possible for Eurex to redo its sums in such a way that it believes the project is now workable "both from the technical and the financial side."

In addition to matching buyers and sellers in particular transactions, Eurex will provide participants with various back up services including the transmission of clearing instructions to whichever of the two clearing houses is involved, a summary of all confirmation notes issued during the day and a listing of transactions cleared. Unlike some other computerised trading systems, Eurex is intended to help dealings between professionals, not to by-pass them. Indeed, it seems that institutional investors are unlikely to be invited to become shareholders in Eurex (unless they are also banks or brokers) and that great care is being taken to ensure that the market makers—those who currently carry the risk in the Eurobond market by being prepared to buy stock or by holding sufficient quantities to meet investors' demands—will not be by-passed. A second major point is that, rather than being aimed specifically at handling large block trades, it will include provisions to match the so-called "odd-lots," a time-consuming aspect of the trading business.

M.C.

SOURCES AND USES OF FUNDS (% OF TOTAL)

| | Luxembourg banks | | Other West European banks* | |
|--------------------|------------------|---------|----------------------------|---------|
| | Deposits | Lending | Deposits | Lending |
| Western Europe ... | 79.7 | 69.2 | 53.3 | 56.5 |
| Eastern Europe ... | 1.3 | 7.6 | 1.5 | 6.7 |
| North America ... | 3.7 | 3.9 | 3.7 | 7.5 |
| Latin America ... | 3.9 | 5.6 | 3.9 | 5.8 |
| Caribbean ... | 2.4 | 3.4 | 6.5 | 9.5 |
| Middle East ... | 2.5 | 2.5 | 15.0 | 3.3 |
| Other ... | 5.5 | 7.8 | 11.1 | 16.4 |

* Banks in countries which report statistics to the Bank for International Settlements.

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MANAGER: Horst Bienemann
CHIEF DEALER: Aris de Pater

ELECTED BALANCE SHEET FIGURES AS
AT JUNE 30, 1977

Total assets: US\$4,488,726,000
Deposits: US\$3,014,649,000
Net worth: US\$259,510,000

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- Kuwait International Finance Company S.A.K.
- National Bank of Oman Ltd. (S.A.O.)

Group Financial Highlights at 31st December 1976

| | US \$ 1976 | US \$ 1975 |
|-----------------------|---------------|---------------|
| Total Gross Assets | 1,656,439,385 | 1,206,371,492 |
| Total Deposits | 1,304,814,516 | 1,023,604,997 |
| Total Capital Fund | 50,070,711 | 23,982,203 |
| Net Profit before Tax | 20,012,881 | 9,732,485 |

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Changing tax position

THE ESTABLISHMENT of holding companies—defined as companies with no commercial or industrial interests whose function is to hold equity stakes in other companies (though there are certain subsidiary operations in which they may indulge as well)—was to a large degree an initial cause of Luxembourg's development as a financial centre. Nowadays, however, the country's standing in the world of finance is quite independent of its attempts through favourable tax treatment to encourage the formation of holding companies. The pace of their formation has slowed recently, and is likely to slow still further in consequence of new laws which came into force at the beginning of last month.

The new legislation stems directly from the embarrassment into which the de Broglie affair plunged the Luxembourg Government. The Prince de Broglie, the French politician who was murdered in Paris at the beginning of this year, turned out on investigation of his affairs to have been president of a Luxembourg holding company set up in the late 1960s, whose activities by the beginning of this year certainly had nothing to do with the objectives for which it was incorporated.

The Luxembourg Government, while protesting vigorously that his murder had nothing to do with the holding company, recognised that the de Broglie affair gave point to a necessity recognised since 1974, to weed out the dormant holding companies among the 6,000 or so now registered in Luxembourg.

They have in consequence had it enacted that each company must have a paid-up capital of Frs.1m. (just over £16,000), in place of the previous nominal Frs.350; that the books shall be available for inspection by the Banking Commission (the regulating authority); and that the company must conform to existing legislation on such matters as the publication of balance-sheets and the payment of (nominal) taxes. If any company fails to comply (from the beginning of 1979) it will be served with notice, given a month to appeal, and may then find its status as a holding company nullified, and its tax privileges withdrawn. Those tax privileges are worth having.

They are in fact among the biggest of the advantages available to a foreign company setting up in Luxembourg, and the foundation of its reputation as a tax haven—a reputation which

INVESTMENT TRUSTS

| End-year | Number | Total assets / Frs.bn. |
|-------------|--------|------------------------|
| 1967 | 24 | 23 |
| 1968 | 40 | 57 |
| 1969 | 91 | 97 |
| 1970 | 102 | 33 |
| 1971 | 94 | 82 |
| 1972 | 95 | 112 |
| 1973 | 94 | 102 |
| 1974 | 95 | 80 |
| 1975 | 97 | 99 |
| 1976 | 92 | 89 |
| 1977 (June) | 85 | 87 |

both the Luxembourg Government and the foreign banks which now account for by far the greatest part of the country's financial services are anxious to dispel. Luxembourg holding companies pay no capital gains tax, and no withholding tax on dividends. All that they contribute directly to the Luxembourg exchequer is an initial 1 per cent. of their capital and an annual 0.16 per cent. of their capitalisation.

So while a Luxembourg holding company drawing dividend income from stakes in foreign companies will receive them net of that foreign country's tax, there will be no Luxembourg tax to pay on its own distributions. Shareholders, resident for tax purposes outside Luxembourg are of course likely to find themselves with a liability to their own tax authorities on receipt of such payments—which helps to explain why most Luxembourg holding companies in fact make only nominal distributions. Most of their income is retained for capital formation. Tax—or the absence of it—is certainly the principal argument for such a policy in the case of the Luxembourg-based investment funds. In the case of the holding companies set up and owned by individuals—and they are estimated to be in the majority—there may, however, be other reasons.

For while under Luxembourg law there must be a minimum of seven shareholders at the establishment of a holding company, it is bearer shares which the company issues. This means that seven nominees—lawyers, say, or accountants—can transfer their interest to another party directly after formation of the company, and so one will be any the wiser as to the new owner's identity. The Luxembourg holding company is in consequence a favoured investment vehicle for wealthy individuals

in countries of doubtful political or economic stability—South Africa, for example, some of the Eastern European States (so it is said) and, until recently, Italy.

Italian investors are, however, now pulling out of their investment in Luxembourg holding companies, and for two reasons. In the first place portfolio performance in recent years has been disappointing, because stockmarkets throughout the world have reflected the very slow pace of economic recovery. And there is little point in maintaining a holding company for the sake of its tax advantages if there are no profits to be taxed.

Much more important, however has been the impact of new policies in Italy, where the announcement of an amnesty for those who had placed funds abroad in contravention of Italian exchange control regulations has been followed by much tougher treatment of those who continued in this path of iniquity. Italian-owned holding companies have in consequence figured recently among the ranks of those seeking to close down their operations in Luxembourg. But their representation is likely to be well and truly swamped by the flood of dormant companies which will be flushed out once the new legislation takes effect.

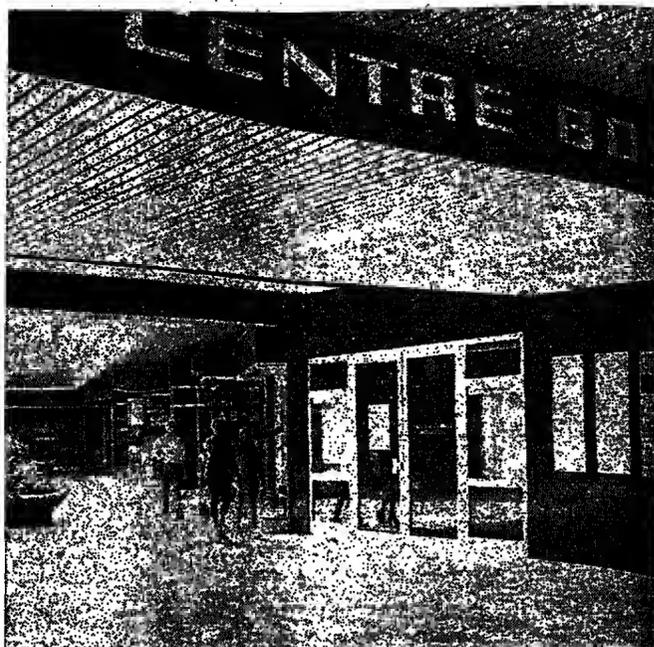
It does not necessarily follow that the companies being put into compulsory liquidation in consequence of the tougher application of Luxembourg's legal requirements will be unwilling to go. Closing down a company in Luxembourg—particularly a holding company, where the consent of every shareholder is required—can be a long and expensive business, with voluntary liquidation likely to take the best part of two years. For those who have no reputation to protect—and that applies to many of the dormant holding companies—a compulsory winding up can be a quicker and an easier way out.

The extent to which those companies now being weeded out will be replaced is a matter for dispute. The Luxembourg Government certainly reckons that this is a sector where the best of the growth is over, and appears to 'contemplate its relative decline plegmatically. The other interested parties are those involved in new company formation: lawyers, accountants and particularly the banks—from the Banque Internationale à Luxembourg, with its estimated 20 per cent. share of holding company domiciliations, to the new Arab-backed International Resources and Finance Bank, now taking its first steps in this business. Companies formed under the aegis of the banks are not, in fact, likely to be affected by the new legislation, since most of them are sizeable enough to cope with the new capital requirements easily: it is formation of the smaller companies which will come to a sudden halt.

But if the departure of those who formed them for the shores of other, cheaper and easier going tax havens is a source of woe to those who believe in the old-style entrepreneur, it is not likely to faze the Luxembourg Government. Though the lack of direct tax revenue is a somewhat deceptive indication of the holding companies' importance to the Luxembourg economy—they are, after all, a source of employment, and therefore give rise to personal taxation—it is not sufficient to warrant treatment liberal enough to threaten the good name which Luxembourg covets in the financial world. In any case, the future for the holding companies is now threatened, albeit only incidentally, by two other developments: the country's attempts to reach double taxation agreements, and the EEC's declared aim of harmonising its member country's tax systems.

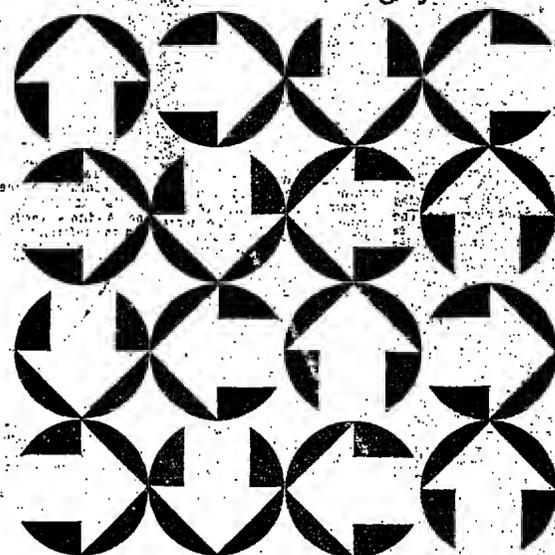
In the case of Luxembourg's move to secure double taxation agreements with other countries, the problem for the holding companies is simple: to the extent that tax elsewhere can be offset against tax payable in Luxembourg, the advantages of not paying tax in Luxembourg disappear. As it happens, the seven double taxation agreements already concluded by the Luxembourg Government all specifically exclude the holding companies from their provisions: but future agreements are unlikely to contain such wholesale idiosyncrasies.

Harmonisation of tax systems within the EEC obviously provides a more comprehensive threat: but it is very much a long-term threat, with most observers reckoning that nothing much will happen before the turn of the century. Granted that there is an element of wishful thinking in that assumption, disarray within the economies of the EEC suggests that it is not unreasonable. So that leaves those holding companies which can and do conform to Luxembourg's new legislation with another 20 years, at least, to enjoy the fruits thereof.



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The air fare war

By MICHAEL DONNE, Aerospace Correspondent

LESS than three weeks before the low-fare, no-reservations flight for "the man in the street" across the North Atlantic represents the culmination of Mr. Laker's long battle against almost overwhelming odds.

For nearly seven years, since Mr. Laker first announced his Skytrain, the scheduled airlines in the International Air Transport Association have regarded him as a bogey-man, whose troublesome scheme would never come to pass if they could help it. Now, they have been forced to accept his presence on the North Atlantic route, with Laker Airways a properly designated scheduled U.K. flag-carrier, competing with British Airways, Pan American and Trans World Airline, and several independent operators, such as British Caledonian.

They want to introduce a new concept in scheduled-service cut-price fares, buyable in two ways—either by booking at least 21 days ahead with a guarantee from the airline that it will give you ten days' notice of your flight, called Budget Plan; or by booking at the airport immediately before the flight, called Stand-By—with variations according to whether the ticket is bought in the U.S. or U.K.

While primarily designed to suit BA, Pan Am and TWA, these plans can also be offered by the other scheduled airlines (El Al of Israel, Iran Air and Air-India). Between them, the six can offer 2,900 seats each week, of which BA, Pan Am and TWA will each be able to offer 700 each way, the others sharing the remaining 800.

Since BA alone offers a total of about 7,000 seats each way weekly between London and New York, on all its scheduled services combined, the new cheap fare plan will only account for about 10 per cent of its capacity.

NEW CHEAP ATLANTIC FARES COMPARED

| Scheduled Flights (IATA pact) via British Airways, Pan American and Trans World: | BOUGHT IN LONDON SINGLE RETURN (a) £149.50 | BOUGHT IN NEW YORK SINGLE RETURN (a) \$299 (£174) | MEALS & DRINKS INCLUDED | BOOKING CONDITIONS | START DATE | AIRPORTS |
|--|--|---|-------------------------|---|------------|------------------|
| 1. APEX Plan | £64 (\$110) | £149 (\$256) | Yes | Via agents, 50 days ahead in U.K., 14-45 days validity. | Oct. 1 | Heathrow-Kennedy |
| 2. Budget Plan | £64 (\$110) | £149 (\$256) | Yes | Via agents, at least 21 days ahead passenger gets 10 days' notice of flight. | Sept. 15 | Heathrow-Kennedy |
| 3. Stand-by Plan | Same rates as Budget Plan | | Yes | No reservations, Open date, stand-by ticket, sold not later than 2 hours ahead in U.K., 3 hours ahead in U.S. | Sept. 15 | Heathrow-Kennedy |
| Laker Airways' Skytrain | £59 (b) | \$135 (£79) | No | No reservations, Purchase from 6 hours prior to flight | Sept. 26 | Stansted-Kennedy |
| Charter Flights Jetsave (Advance Booking Charter) | (c) £126 | (d) (d) | Yes | 45 days ahead, 30 days' notice of flight. | Oct. 1 | Heathrow-Kennedy |

NOTES: (a) No singles available on APEX. (b) No return tickets available on Skytrain. (c) No singles on normal ABCs with Jetsave or other airlines. (d) ABCs not purchasable in U.S. *Approximate £ equivalents at quotes by the airlines. †Each airline is placing emphasis on different aspects of the IATA pact. ‡Laker has asked for permission to use Gatwick and ticket sales from 4 a.m.

These changes have been stated by Laker Airways direct response to the efforts of the big scheduled airlines on the North Atlantic to meet the threat of Laker's new cheap fares by their own. But while Mr. Laker awaits the CAA's ruling on his proposals, the other airlines have not been given a U.K. Government vote for their own plans, have even seen them come heavy fire from the U.S. Department as being "injurious" and calculated to give competition in the marketplace by driving charter operators into the ground.

Controversy is no new amenity to the ebullient Reddie Laker, chairman of Airways and the inventor

of Skytrain. This plan for cheap, no-reservations flights for "the man in the street" across the North Atlantic represents the culmination of Mr. Laker's long battle against almost overwhelming odds.

For nearly seven years, since Mr. Laker first announced his Skytrain, the scheduled airlines in the International Air Transport Association have regarded him as a bogey-man, whose troublesome scheme would never come to pass if they could help it. Now, they have been forced to accept his presence on the North Atlantic route, with Laker Airways a properly designated scheduled U.K. flag-carrier, competing with British Airways, Pan American and Trans World Airline, and several independent operators, such as British Caledonian.

charter flights provided by the U.S. Bermuda agreement. That charter flight is aimed at a section of the market no one really knows very much about—the less well-off people who do not mind when or how they go, provided it is cheap enough. Even the charter airlines, with their very low rates for those prepared to commit themselves in advance, have not fully explored this section of the market. It seems likely to comprise mostly young people, often jocularly referred to in the trade as "the knapsack and guitar brigade," mainly from colleges on both sides of the Atlantic, who are willing and more able to travel when they feel like it, who do not want to be committed to the various kinds of advanced-purchase schemes already available, and who cannot afford the rates charged for even the economy-class seats on the regular scheduled airlines.

after a few months he will be obliged to seek a rise, if only to keep pace with inflation. As it is, he feels his fare is about fair and equal opportunity to compete (Paragraph One of Article Eleven, on fair competition). Moreover, in Article 12, on tariffs, the new pact makes it clear that "in furthering the reasonable interests of users of air transport services, and to encourage the further development of civil aviation, individual airlines should be encouraged to initiate innovative, cost-based tariffs." Mr. Laker believes that Skytrain fills that requirement and he wants the chance to prove it. He feels that he is entitled to a bigger opportunity to compete now that he has certainly three, and perhaps also six, bigger airlines lining up against him. This is why he is asking the CAA to give him unfettered rights over the number of flights he can make out of Gatwick to New York.

So far, he has not asked for any increase in his fares, to bring them up to those offered by the other airlines, but many in civil aviation believe that

Response

A few weeks ago, when it became apparent, after the signing of the new Anglo-U.S. Bermuda air services agreement, that Skytrain was here to stay (at least for the time being), those airlines moved to meet the threat. Through the IATA, they established a broad response in terms of cheap fares of their own, as outlined in the accompanying chart. Although their proposed fares are marginally higher than those of Skytrain, they claim other advantages that Skytrain cannot match—and fights to and from Heathrow is one.

The scheduled airlines' plan fall into two parts. First, they want to cut the normal Advanced Purchase Excursion (APEX) rate, available for those prepared to book and pay well in advance, thereby securing a guaranteed seat. Secondly,

Mr. Laker's view is that the other airlines are over-reacting to his concept, which he claims is aimed at generating an entirely new market by offering a service that will reach people who have never flown before, but who are ready to do so if the price is right. The bigger scheduled airlines, which have long offered their own types of cheap fare (such as Advanced Purchase Excursion and Advanced Booking Charter rates) nevertheless feel they will take some of their traffic away, and so they are moving to try to compete by filling otherwise empty seats on normal scheduled flights, with fares much closer to Laker's.

What both sides in the cheap-

Sledgehammer

By the very scope of their reaction, the bigger scheduled airlines have proved to the world their uncertainty about the situation—and their fear that, after all, Laker might be right. Mr. Laker himself argues that the market is big enough for everybody, anyway, and that anyone who can make it even bigger ought to be encouraged, not restricted. He points out that in 1975, nearly 14m. passengers flew the North Atlantic between all North American and European gateways. Of these, 9.8m. or 71.1 per cent, flew by normal IATA scheduled airlines, with another 1.66m. or 12 per cent, using the

GENERAL
Trades Union Congress debates wage restraint. Opera House, Blackpool.
Ceremony of signing the new Panama Canal treaties in Washington by President Carter and General Omar Torrijos.
ASEAN-U.S. trade dialogue opens in Manila.
International Monetary Fund gold auction in Washington.
Mr. Margaret Thatcher, Conservative Leader, touring the U.S.
Mr. Peter Walker, Conservative MP for Worcester, speaks on private enterprise at annual luncheon of the Direct Sales and Service Association, Quaglino's, Bury Street, SW1.
Mr. Fineman Brouwer, U.S. Ambassador to the U.K., in Edinburgh as guest at a luncheon at the City Chambers, followed by a tour of an exhibition of American paintings.
Second and final day of "Pen-Cons 1977" Conference co-sponsored by the Financial Times and Money Management, Royal Lancaster Hotel, NZ.
Final day of British Association for the Advancement of Science annual meeting, Aston University, Birmingham.
Windsale public inquiry continues Whitehaven.
British Broadcasting Corporation launches new children's programmes.
COMPANY RESULTS
Carpet International (half-year), Guardian Royal Exchange (half-year), Henworth Ceramic Holdings (half-year), Phoenix Assurance (half-year), Sun Alliance and London Insurance (half-year).

COMPANY MEETINGS
Anglo-American Asphalt, Great Western Hotel, Paddington, W. 11.20.
Braham Miller, Savoy Hotel, 12, Initial Services, Connaught Rooms, WC. 12.15.
Pitman, 29-31, Parker Street, WC. 11.
Bulbline International, Forester House, W. 12.20.
Technology Investment Trust, S. Crosby Square, EC. 12.
SPORT
Soccer: England v Switzerland, Wembley, Scotland v Switzerland, Under-21 International, Broomfield, Glasgow.
Golf: Tournament Players Championship, Foxhall.

Letters to the Editor

The last drop of oil
Mr. W. C. R. Whalley.
—Ray Dafter (September 1977), regarding oil. A note of caution called for on possibilities of changing supplementary reserves. The U.S. is scarcely expected to be a more restrained system in the thirties, were invariably under a systematic control from inception, aimed at maximum recovery over the field. Prior to this was exceptional in the U.S., where individual rights led to the stripping of the oil, in with scant regard for recovery. As a result, the scope remained for recovery of oil, which in the U.S. were invariably exhausted. The use of gas at low or even way prices.
It might well pay to spend more energy, in ring additional oil than was worth energy-wise, over fields commonly were by far more wells than have been necessary, a more restrained system. As a result there are in the U.S. some hundreds of thousands of stripper wells, spaced in each old field. Ingenuity has been led on stimulating such fields, which in the state make an important contribution to U.S. production. Such intensive drainage to high ultimate recovery of the oil initially seems unlikely that it will be able to apply supplementary recovery methods of these to the giant fields where the present reserves are found. Natural gas prices are rising world-wide and the use of gas, or its products, to stimulate production will surely seem attractive. Modern giant on-shore or off-shore, are being organised around a number of highly productive fields, justified only by production. In these circumstances scope for low volume production seems barred at anything like present rates.
It would be recognised that such ways of stimulating reserves has some of the nature of the quest for perpetual motion machine, which is seeking to circumvent the laws of nature. Once the reserves leading to production are depleted the remaining locked into microscopic caverns of the reservoir rock formations force of surface. On the whole it seems that dramatic improvements in recovery will be made, significant that the gains apparently are comparable at a national average of 10 per cent, as an attainable goal.

The fact that 13 firms were employed is to a large extent a reflection of the widespread nature of the Company's home and overseas portfolio. It is also a reflection of cases where lenders selected valuers and their valuations were accepted by the Company. It would of course have been possible to offer an alternative valuer if only one valuer had been used that this was too concentrated.

In addition to the valuation process applied by the Board, the Auditors verify valuations and the information supplied to valuers, as the fundamental content of a property company's balance sheet is the accurate valuation of its portfolio.

The piece refers to the "Group's consistently optimistic pronouncements." The following is the opening of the 1974 Statement to members: "When I reported to you last year, I was able to refer to the Group's expansion and progress up to the time of publication of my statement, in August, 1973 at which point conditions in our industry remained buoyant. Before restrictions were imposed, the Company prudently made additional medium-term financing arrangements which provided a further £22m., but brought with it the burden of the high and increasing cost of money in terms of interest rates. It must be acknowledged that the continuation of the extraordinary penal cost of money was not envisaged for such a sustained period of time. This has distorted budget projections resulting in an adverse outcome to profits."

The following was the opening of the 1975 Statement: "The past 12 months have seen some of the worst conditions experienced by most of us, but it should not be thought that this period has been either an unproductive or a wasted year for your company. It would be injurious to single out any of the more obvious problems in a weakened economic situation with its accentuated effect on the property market further aggravated by high interest rates."

The following was the opening of the 1976 Statement: "Against improvements must be set the effect of high interest rates, which have diminished the advantage achieved. So long as the Government is increasing its debt with such velocity, and high interest rates persist, companies such as British Land, owning primarily freehold and long leasehold properties, will find it difficult to operate in the U.K. Even with attractive returns in the range of 9-11 per cent, on successful developments, they cannot be retained long-term if the mortgage rate is around 17 per cent—assuming money to be forthcoming."
John Rithlat,
35, Portman Square, W.1.

STATEMENT FROM THE LEEDERS

"Any basic rate income tax payer who settles for less than 10-15% gross on his savings would do better in the Leeds."



British Land's valuation
From the Chairman, British Land.
Sir—Your comment in your issue of September 2 on the suspension of the shares of British Land is inappropriate, as this action was wholly in accordance with the latest recommendations of the Stock Exchange for the protection of an orderly market in the interests of the shareholders.
The best check on the valuation process carried out for the year ended March 31, 1976, which is a prime source of the Financial Times' attack, is that properties then valued at some £31m., representing 12 per cent of the property portfolio (excluding retail leaseback transactions) at that date have subsequently realised and produced £31m.
In addition, the two partnership transactions in The Netherlands and France with Werald, have involved properties valued at £34m., and were effected at that value. Thus £65m., or 25 per cent of the portfolio, was successfully exposed to the test of valuation in the market place, most of it before market improvement in the French property, at the time of last year's valuation this transaction was pending. It was for this reason that it was valued without deduction for registration tax and other costs, amounting in all to over 20 per cent, normally paid on sale of French real estate. By the partnership route the full value could be (and was) confirmed,

The mentality of the bazaar
From the Managing Director, Quantum Science.
Sir—Have businessmen in this country developed a bazaar mentality? I am advising an Iranian associate on various U.K. technical exports to his country, in contacting British companies we invariably ask for technical literature and f.o.b. U.K. prices. Most companies respond within a fortnight, which is pretty good going by U.K. standards.
However, only about one company in ten encloses the requested price list or gives any price indication. This applies to both small specialist companies and large subsidiaries of multinational groups.
One appreciates that present-day price lists must be provisional but it is worrying to find such a large percentage of companies unwilling to quote any sort of price unless pressed to do so. Even in the bazaar the seller makes the first move!
Roy Jenkins,
27, St. George's Road, Cheltenham.

Index linked annuities
From Mr. J. P. H. Plumb.
Sir—It was most interesting to read Lombard's article on August 24 which referred to the changing climate of opinion towards indexed bonds. I believe the time is now ripe to bring the subject up again of index linked annuities.
The index linked annuity would be of inestimable value to any individual not Government employed as it would give him or her in retirement maximum cover against inflation at the cheapest price. On the Government side, however, there would be considerable advantages also because the debt incurred would ultimately be completely terminated, both interest-wise and capital-wise, and because any scheme (which could anyway be limited) would be largely self-balancing: If annuitants lived longer more taxes would come in.
As the Government seem determined to give themselves and their employees and dependants inflation-cushioned pensions, why should they not sell at market price similar facilities to any individual not Government employed as it would give him or her in retirement maximum cover against inflation at the cheapest price.
J. P. H. Plumb,
28, Moybury Road, Woking, Surrey.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

GERMAN DOMESTIC BONDS

Another 6% coupon in the wings

BY JEFFREY BROWN

A NEW issue by the Federal Republic is expected shortly in the Frankfurt domestic bond market. The funding will probably take place after next Monday's meeting of the Bundesbank...

was anticipating and digesting the latest Federal loan's price-decider. This offering—DM800m. of 10-year money—took coupons in Frankfurt down to 6 per cent. for the first time in some eight years...

At the same time the stabilisation of the U.S. dollar has dampened what until recently was a massive pent-up demand for DM assets from outside Germany. The external pressures causing the Bundesbank to make its currency less attractive (by forcing down interest rates) have diminished.

September the latest quarterly tax paying season will be out of the way, allowing a resurgence of bank liquidity to depress short term money rates naturally. But some observers are still betting on a further reduction in the Lombard rate. This was cut from 4 1/2 per cent to 4 per cent in August and it could move lower still...

Esselte fears effects of Krona devaluation

BY WILLIAM DUFFORCE

STOCKHOLM, Sept. 6.

RESULTS FOR the first quarter to June 30 for Esselte show that the expanding Swedish office equipment, packaging and printing group was an target for a 10 per cent growth in turnover to Kr2.4bn. (£285m.) and earnings of over Kr.150m. in the 1977/78 financial year...

heavily on imported materials, carrying one vote, against five for the "A" shares, in order to open the way for the sale of shares on foreign markets. Mr. Wallgren states that Esselte now has the potential to issue shares abroad up to a market value of Kr.350m., but has no immediate plan to do so.

W. German Ford sales up 6%

BY ADRIAN DICKS

BONN, Sept. 6.

DURING THE FIRST six months of 1977, West German Ford sales rose by 6 per cent. Herr Peter Weiber, the chairman, said that this was due to a number of factors, including a higher price for the very high share (26 per cent.) of production exported. The West German company is expecting sales of DM10bn. this year.

The company is also working already on a range of engines that could run on coal dust, as well as on improved batteries. However, the concern's new business in the corporate sector showed, during the first six months, a growth rate running at 50 per cent. over the average, although many employers were still resisting the upgrading of pension schemes.

Singapore hotel fetches £9m.

BY H. K. LEE

SINGAPORE, Sept. 6.

SINGAPORE'S third largest hotel, the 560-room Hotel Oberoi Imperial has finally been sold for \$53.75m.—almost £9m.—to Hong Kong Investors—more than two years since it was first offered for sale.

The sale price of \$53.75m. is \$1.5m. higher than the net realisable value placed on it by the receiver.

Shareholders of ISI, however, will not get anything out of the sale. This was indicated by Mr. Beeton. This is because the company has a large number of creditors and it is unlikely that they will be paid in full.

LNC Inds. earns and pays more

By James Forth

SYDNEY, Sept. 6. LNC Industries, the leading motor vehicle dealer and distributor, has again increased its dividend, following a 94 per cent. jump in profit from \$4.5m. to a record \$8.87m. The dividend is raised from 12.5 cents a share to 14.5 cents and is amply covered by earnings, which rise from 40.8 cents a share to 43.6 cents.

The directors said that significant contributions to the results were the increased diversity of operations, a strict control of costs and a planned programme of integration for the recently acquired Bessie and Wood companies, which contributed \$1.9m. for the 11 months since acquisition, compared with a profit of \$1.2m. for 1975-76.

Allianz Leben upsurge

BY ADRIAN DICKS

STOCKHOLM, Sept. 6.

Herr Weiber predicted that total new registrations would top the 2.45m. mark in West Germany this year, compared with 2.27m. last year. In 1978, however, he said there was likely to be some slowdown, although there could be no talk of "dark clouds on the horizon" for the industry.

ALLIANZ Lebensversicherung, ALL West Germany's leading life insurers, today reported a large increase in new business during the first half of 1977, reports Guy Hawtin. It rose by 13.7 per cent. to DM4.39bn. (£1,08bn.) compared with DM3.68bn. in the same period of last year.

NOTICE OF REDEMPTION To the Holders of THE PROCTER & GAMBLE INTERNATIONAL COMPANY 6 1/2% Guaranteed Debentures Due 1982

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 15, 1967, between The Procter & Gamble International Company, as Guarantor, and Morgan Guaranty Trust Company of New York, as Trustee, \$2,015,000 principal amount of the above Debentures have been selected by lot for redemption on September 15, 1977, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said redemption date. The members of the said Debentures designated for redemption are as follows:

Table with columns for Debenture ID, Issuance Date, and Amount. Lists specific debentures to be redeemed, such as 21 1745 3106 4444 5636 7263, etc.

On September 15, 1977, the above Debentures will become due and payable in each coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payment will be made upon presentation and surrender of the above Debentures with coupons due September 15, 1978 and subsequent coupons attached at (a) the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York, 10018; or (b) the Swiss offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt, London and Paris; Banca Vionviller & C. S.p.A. in Milan; Bank Mess & Hope N.V. in Amsterdam; and Kredietbank S.A. Luxembourg in Luxembourg. Payments at the office referred to in (b) will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in New York City.

Tel Aviv Exchange

BY L. DANIEL

TEL AVIV, Sept. 6.

COMMERCIAL BANKS and bank-holding companies account for nearly 53 per cent. of the total investment company with a market capitalisation of the Tel Aviv Stock Exchange and together with mortgage banks and specialised financial institutions, for two-thirds. This is the result of a special study published here today by International Consultants Ltd.

Industrial companies account for only 10 per cent., though it must be remembered that a significant proportion of the portfolios of investment companies is in the Tel Aviv stock exchange. The largest market capitalisation apart from that of the three leading banks, Bank Leumi, Bank Hapoalim and Israel Discount Bank, is that of CLAL, an investment company with a market capitalisation equivalent to \$112m.

ERAP OIL

BY DAVID CURRY IN PARIS

PIERRE GUILLAUMAT as head of the State-owned Erap Oil group in Albin Chalandon is interesting for three reasons. In the first place, it marks the promotion of a man whose experience has been in business and politics rather than in the Civil Service. In the second, it brings to the head of Erap and shortly to the presidency of the 70 per cent-owned operating group, Elf-Aquitaine, a man whose professional training has been more in finance than in engineering. Finally, both men illustrate the phenomenon so common in France whereby graduates of the elite schools, whether technical, financial or administrative, are able to glide easily between the worlds of business, the Civil Service and politics.

New man at the helm

BY DAVID CURRY IN PARIS

eddy chieftain, the Americans. France is still heavily dependent on foreign companies to supply her with oil and the group itself clearly will take some years to knock into efficient and harmonious shape. But his reputation rests on his role as an innovator and as an explorer—Elf-Aquitaine has just signed up to lead the exploration for oil off Vietnam—and if he is being succeeded by a man from a very different stable, at least M. Chalandon, when he starts work, will live in an atmosphere highly charged with Pierre Guillaume's spirit.

M. Chalandon is a Gaullist hero with strong connections to the left. He was a member of the spring of an air crew this officer commanding some 500 Resistance fighters and taking part in the liberation of Paris. He then went into politics at the top. In 1946, equipped with the magic qualification of Inspector des Finances, which in France is rather like a Fellow of All Souls having a degree from the Harvard Business School, he was called at the tender age of 26 to work in the private office of Leon Blum, first deputy of the provisional Government. Finance there, he went to the Finance Ministry.

One might almost say of M. Pierre Guillaume who has now retired at the age of 66, that he was born with oil in his veins. A polytechnician he has always claimed no particular aptitude for politics and emphasised his engineering background. But for a man who for 33 years has been at the centre of energy policy-making, he hardly being fair to himself. An official does not find himself Director of Carburants at the Industry Ministry, a senior Atomic Energy Commission member during the last five years of his tenure, head of the State-owned electricity utility and president of a whole clutch of State-inspired oil enterprises without a certain ability to learn to live with politicians.

Convinced that part of France's inter-war weakness stemmed from her failure to control her energy supply, this son of an Army general directed the Bureau de Recherches de Petroles in a campaign to discover and produce oil in the Francophone world. And in the early 1960s he extended this activity into refining and distribution.

The merger of Erap with Aguilaine produced a group with Frs.36bn. in turnover. Frs.5bn. of investment in 1976, 20m. tonnes of oil, 100,000 cubic metres of gas a year. Add to that a fleet of 36 tankers, 44m. tonnes a year of refining capacity, a sector which is in severe difficulty at the moment, some 13,000 service stations in Europe and a payroll of 40,000 and some idea emerges of the inheritance into which M. Pierre Guillaume has not been without his critics. He urged the run-down of coal and thought for a long time that oil party career, as General Secretary of the movement. The job held less than a year. And following "de-Chalandonisation" of the movement, he

Recovery towards profit at MEA

BEIRUT, Sept. 6.

LEBANON'S Middle East Airlines (MEA) began expecting to make a profit some \$8m., but looks like losing the year with a profit instead, reports I.P. The company's gloom predictions seemed to be true when the first few of the year saw losses of L-b.20m. (\$2.5m.). But MEA's end of year report showed that from the first eight months, which cancelled out the loss, and indicated a overall profit of between end 1976m. (\$8m.) and a should be generated by Beirut Daily Al Anwar.

The encouraging results attributed partly to the pany's loss cutting action, this year in leasing three Jumbos to Saudi Arabia and Gabon, but also general pickup in MEA's operations. On average, 52 per cent of seats on MEA are currently estimated occupied.

MEA suffered losses of \$2.5m. in the first quarter of this year in leasing three Jumbos to Saudi Arabia and Gabon, but also general pickup in MEA's operations. On average, 52 per cent of seats on MEA are currently estimated occupied.

SELECTED EURODOLLAR BOND PRICE MID-DAY INDICATIONS

Table with columns for Bond Name, Bid, Offer, and Price. Lists various Eurodollar bonds such as Citicorp 1982, Amstar 1982, etc.

peacock NURDIN LTD PEACOCK THE Cash and Carry WHOLESALEERS

Table showing Turnover and Trading Profit before Tax for the half year ended 2nd July 1977. Turnover: 97,117,000; Trading Profit before Tax: 1,516,000.

The Directors are paying an interim dividend on the Ordinary Share Capital of 0.75p per share (1976-1.43p per share) paid, equivalent to 0.715p per share after the scrip issue. This interim dividend will be payable on 31st October, 1977, to members registered at close of business on 30th September, 1977.

United Biscuits, Recovery towards profit at MEA, Fluor Corp., Fisons Intern, \$20,000,000, Guarantees, Deutsche Bank, etc.

THE PROCTER & GAMBLE INTERNATIONAL COMPANY By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Trustee

Head Office: Bushey Road, Raynes Park, SW20 0JJ. Tel: 01-946 9111

New Issue

All these securities having been sold, this announcement appears as a matter of record only.

May 1977



United Biscuits (UK) Limited

(Incorporated in Scotland with limited liability under the Companies Act, 1948)

U.S. \$30,000,000 9 per cent. Bonds due 1989

Guaranteed by United Biscuits (Holdings) Limited

(Incorporated in Scotland with limited liability under the Companies Acts, 1929 and 1947)

Morgan Grenfell & Co. Limited

Kredietbank S.A. Luxembourgeoise

Swiss Bank Corporation (Overseas) Limited

Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Banca di Roma per la Svizzera
Bank Julius Baer International Limited
Bank Maes & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (S.A.I.I.)
Banque Belge pour l'Industrie S.A.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neufville, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque du Benelux
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Populaire Suisse SA Luxembourg
Banque Worms
Barclays Bank International Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechselbank
Bayerische Vereinsbank
Berliner Handels- und Frankfurter Bank
Cazenove & Co.
Centrale Rabobank
Citicorp International Group

Commerzbank Aktiengesellschaft
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit Général, S.A. de Banque
Crédit Industriel et Commercial
Crédit Lyonnais
Crédit Suisse White Weld Limited
Daiwa Europa N.V.
Den Danske Bank af 1871 Aktieselskab
Deutsche Bank Aktiengesellschaft
DG BANK
— Deutsche Genossenschaftsbank —
Dewaway & Associates International S.C.S.
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euro Mobilare S.p.A. Compagnia
Europee Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hill Samuel & Co. Limited
Kidder Peabody International Limited
Kjøbenhavn Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. S.A.K.
Lazard Brothers & Co., Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited
Manufacturers Hanover Limited

Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Orion Bank Limited
Österreichische Länderbank
Piercen, Halding & Pierson N.V.
Postipankki
PKBanken
N.M. Rothschild & Sons Limited
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Schweiller & Co.
J. Henry Schroder Wagg & Co. Limited
Singer & Friedlander Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Società Finanziaria Assicurativa (SOFIAS) RAS Group
Société Bancaire Barclays (Suisse) S.A.
Société Générale
Société Générale de Banque
Strauss, Turnbull & Co.
Tokai Kyowa Morgan Grenfell Limited
Trade Development Bank Overseas Inc.
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins- und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Williams, Glyn & Co.
Dean Witter International
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue

All these securities having been sold, this announcement appears as a matter of record only.

August 1977

Fisons International Finance N.V.

(Incorporated as a company with limited liability in The Netherlands)

U.S. \$20,000,000 8 3/4 per cent. Bonds 1992



Guaranteed by Fisons Limited

(Incorporated in England with limited liability under the Companies Acts 1862 to 1980)

Morgan Grenfell & Co. Limited

Deutsche Bank Aktiengesellschaft

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Banca di Roma per la Svizzera
Bank Julius Baer International Limited
Bank Maes & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (S.A.I.I.)
Banque Belge pour l'Industrie S.A.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neufville, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Populaire Suisse SA Luxembourg
Banque Worms
Barclays Bank International Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechselbank
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank
Berliner Handels- und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Cazenove & Co.
Chase Manhattan Limited
Citicorp International Group
Commerzbank Aktiengesellschaft
County Bank Limited
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit Industriel d'Alsace et de Lorraine

Crédit Industriel et Commercial
Crédit Lyonnais
Crédit Suisse White Weld Limited
Daiwa Europe N.V.
Den Danske Bank af 1871 Aktieselskab
DG BANK
— Deutsche Genossenschaftsbank —
Dewaway & Associates International S.C.S.
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euro Mobilare S.p.A. Compagnia
Europee Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Eurotrading Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Ltd.
Hill Samuel & Co. Limited
Istituto Bancario San Paolo di Torino
Kidder, Peabody International Limited
Kjøbenhavn Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank S.A. Luxembourgeoise
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. S.A.K.
Laing & Cruickshank Incorporating Powell Popham, Davies & Co.
Lazard Brothers & Co., Limited
Lazard Frères et Cie
Lehman Brothers International Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited

Manufacturers Hanover Limited
Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Orion Bank Limited
Österreichische Länderbank
Piercen, Halding & Pierson N.V.
PKBanken
Privatbanken Aktieselskab
N.M. Rothschild & Sons Limited
Rothschild Bank AG
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Scandinavian Bank Limited
J. Henry Schroder Wagg & Co. Limited
Singer & Friedlander Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Bancaire Barclays (Suisse) S.A.
(RAS Group)
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque S.A.
Strauss, Turnbull & Co.
Sumitomo Finance International
Sun Hung Kai International Limited
Swiss Bank Corporation (Overseas) Limited
Tokai Kyowa Morgan Grenfell Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins- und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Williams, Glyn & Co.
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue

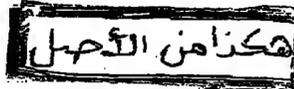
All these securities having been sold, this announcement appears as a matter of record only.

August 1977

New Issue

All these securities having been sold, this announcement appears as a matter of record only.

July 1977



SELECTION TRUST LIMITED

(Incorporated in England with limited liability)

U.S. \$50,000,000 8 3/4 per cent. Bonds 1989

Morgan Grenfell & Co. Limited

Citicorp International Group

Kredietbank S.A. Luxembourgeoise

Swiss Bank Corporation (Overseas) Limited

Alehti Bank of Kuwait (K.S.C.)
Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
Arab Financial Consultants Company S.A.K.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Banca di Roma per la Svizzera
Bank of America International
Bank Julius Baer International Limited
Bank Gutzwiller, Kurz, Bungener (Overseas) Limited
Bank Maes & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (S.A.I.I.)
Banque Belge pour l'Industrie S.A.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neufville, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque du Benelux
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Populaire Suisse SA Luxembourg
Banque Worms
Barclays Bank International Limited
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechselbank
Bayerische Vereinsbank
Berliner Handels- und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Cazenove & Co.
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
County Bank Limited
Crédit Agricole (CNCA)
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit du Nord

Crédit Général, S.A. de Banque
Crédit Industriel et Commercial
Crédit Lyonnais
Crédit Suisse White Weld Limited
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Deutsche Bank Aktiengesellschaft
DG BANK
— Deutsche Genossenschaftsbank —
Dewaway & Associates International S.C.S.
Dillon, Reed Overseas Corporation
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euro Mobilare S.p.A. Compagnia
Europee Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Eurotrading Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
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Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank-Girozentrale
Hill Samuel & Co. Limited
Istituto Bancario San Paolo di Torino
Kidder, Peabody International Limited
Kjøbenhavn Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank (Suisse) S.A. Geneva
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Finance Co. S.A.K.
KIFCO
Kuwait International Investment Co. S.A.K.
Kuwait Investment Company (S.A.K.)
Lazard Brothers & Co., Limited
Lehman Brothers International Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited

London Multinational Bank (Underwriters) Limited
Manufacturers Hanover Limited
Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Sal. Oppenheim jr. & Cie.
Orion Bank Limited
Österreichische Länderbank
Peterbroeck, ven Campanhout, Kempen S.A.
Piercen, Halding & Pierson N.V.
Postipankki
Privatbanken Aktieselskab
N.M. Rothschild & Sons Limited
Rothschild Bank AG
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Scandinavian Bank Limited
J. Henry Schroder Wagg & Co. Limited
Singer & Friedlander Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Financière du Leman S.A.
(RAS Group)
Société Bancaire Barclays (Suisse) S.A.
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque S.A.
Strauss, Turnbull & Co.
Sumitomo Finance International
Sun Hung Kai International Limited
Tokai Kyowa Morgan Grenfell Limited
Trade Development Bank Overseas Inc.
Trinkaus & Burkhart
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins- und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Dean Witter International
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue

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August 1977



RHM Overseas Finance B.V.

(Incorporated with limited liability under the Civil Code of The Netherlands)

U.S. \$40,000,000 9 per cent. Guaranteed Bonds 1992

Guaranteed by Ranks Hovis McDougall Limited

(Incorporated in England with limited liability under the Companies Act 1929)

Morgan Grenfell & Co. Limited

Barclays Bank International Limited

Credit Lyonnais

Credit Suisse White Weld Limited

Abu Dhabi Investment Company
Algemene Bank Nederland N.V.
A. E. Ames & Co. Limited
Amex Bank Limited
Amsterdam-Rotterdam Bank N.V.
The Arab and Morgan Grenfell Finance Company Limited
Astaire & Co. Limited
Banca Commerciale Italiana
Banca del Gottardo
Banca della Svizzera Italiana
Banca Nazionale del Lavoro
Banca di Roma per la Svizzera
Bank Julius Baer International Limited
Bank Maes & Hope NV
Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (S.A.I.I.)
Banque Belge pour l'Industrie S.A.
Banque Bruxelles Lambert S.A.
Banque de l'Indochine et de Suez
Banque de l'Union Européenne
Banque de Neufville, Schlumberger, Mallet
Banque de Paris et des Pays-Bas
Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.
Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris
Banque Ormond, Burrus & Cie. S.A.
Banque Populaire Suisse SA Luxembourg
Banque Worms
Baring Brothers & Co., Limited
Bayerische Hypotheken- und Wechselbank
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank
Berliner Handels- und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited
Cazenove & Co.
Chase Manhattan Limited
Citicorp International Group
Commerzbank Aktiengesellschaft
Compagnie Monégasque de Banque
County Bank Limited
Crédit Agricole (CNCA)
Creditanstalt-Bankverein
Crédit Commercial de France
Crédit du Nord

Crédit Industriel d'Alsace et de Lorraine
Crédit Industriel et Commercial
Crédit Lyonnais
Crédit Suisse White Weld Limited
Daiwa Europe N.V.
Den Danske Bank af 1871 Aktieselskab
Deutsche Bank Aktiengesellschaft
Deutsche Girozentrale
— Deutsche Kommunalbank —
DG BANK
— Deutsche Genossenschaftsbank —
Dewaway & Associates International S.C.S.
Dillon, Reed Overseas Corporation
Dominion Securities Limited
Dresdner Bank Aktiengesellschaft
Euro Mobilare S.p.A. Compagnia
Europee Intermobiliare
European Banking Company Limited
Euroseas Securities Limited
Eurotrading Limited
Finacor
First Boston (Europe) Limited
First Chicago Limited
Robert Fleming & Co. Limited
Antony Gibbs Holdings Ltd.
Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois
Hambros Bank Limited
Handelsbank N.W. (Overseas) Limited
Hessische Landesbank-Girozentrale
Hill Samuel & Co. Limited
Istituto Bancario San Paolo di Torino
Kidder, Peabody International Limited
Kjøbenhavn Handelsbank
Kleinwort, Benson Limited
Kredietbank N.V.
Kredietbank S.A. Luxembourgeoise
Kuhn, Loeb & Co. International
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. S.A.K.
Laing & Cruickshank Incorporating Powell Popham, Davies & Co.
Lazard Brothers & Co., Limited
Lazard Frères et Cie
Lehman Brothers International Limited
Lloyds Bank International Limited
Loeb Rhoades International Limited
London Multinational Bank (Underwriters) Limited

Merrill Lynch International & Co.
Samuel Montagu & Co. Limited
Morgan Stanley International
Nederlandsche Middenstandsbank N.V.
The Nikko Securities Co., (Europe) Ltd.
Nomura Europe N.V.
Nordfinanz-Bank Zuerich
Sal. Oppenheim jr. & Cie.
Orion Bank Limited
Österreichische Länderbank
Peterbroeck, ven Campanhout, Kempen S.A.
Piercen, Halding & Pierson N.V.
PKBanken
Privatbanken Aktieselskab
N.M. Rothschild & Sons Limited
Rothschild Bank AG
Rowe & Pitman, Hurst-Brown
Salomon Brothers International Limited
Scandinavian Bank Limited
J. Henry Schroder Wagg & Co. Limited
Singer & Friedlander Limited
Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated
Société Financière du Leman S.A.
(RAS Group)
Société Bancaire Barclays (Suisse) S.A.
Société Générale
Société Générale Alsacienne de Banque
Société Générale de Banque S.A.
Strauss, Turnbull & Co.
Sumitomo Finance International
Sun Hung Kai International Limited
Svenska Handelsbanken
Swiss Bank Corporation (Overseas) Limited
Tokai Kyowa Morgan Grenfell Limited
Union Bank of Switzerland (Securities) Limited
Union de Banques Arabes et Françaises—U.B.A.F.
Vereins- und Westbank Aktiengesellschaft
J. Vontobel & Co.
S. G. Warburg & Co. Ltd.
Wardley Limited
Westdeutsche Landesbank Girozentrale
Wood Gundy Limited
Yamaichi International (Europe) Limited

New Issue

All these securities having been sold, this announcement appears as a matter of record only.

August 1977

HOME NEWS

Survey shows boom in ski holidays

BY DAVID FREUD, INDUSTRIAL STAFF

NINE PER CENT more Britons went skiing last year than in 1976. And the number is likely to increase by a similar amount in the coming season.

comparable figure was less than 10,000. The survey, based on official releases by the 24 major ski tour operators and the national tourist offices, is the first the club has conducted and includes figures for Spain, Scotland, Norway and the Alpine countries.

Marked trend

One marked trend during the 1970s was the increase in popularity of Italy and France at the expense of Austria and, in particular, Switzerland.

country seven years ago was less than 5 per cent. Seven years ago 58 per cent of holidays were taken in Austria while last season the figure was 29 per cent.

Spain is beginning to appear on the British skiers' map—8,000 people went there last year and a big increase is expected this winter.

Sales will include Napoleon's and Wellington's wines

BY EDMUND PENNING-ROWSELL

SOTHEBY'S and Christie's are starting the autumn wine auction season with all-day sales on September 28 and 29, respectively.

Other rarities include ancient maderias, headed by a bottle of Cama de Lobos 1789, and another of 1792, said to have been bought for Napoleon—but never paid for—when he stopped at the island on his way to St. Helena in 1815.

Alcoholism policy 'could cut cost'

ALCOHOLISM could be costing industry up to £500m a year, but very few companies have worked out a policy for dealing with the problem, according to the Health and Safety Information Bulletin.

Companies with special policies tended to regard alcoholism as a medical condition, and concentrated on spotting the symptoms early.

Brighter prospects for west Scotland

Financial Times Reporter

A MORE encouraging picture of business prospects in the west of Scotland emerges from the latest survey of trading activity by the Glasgow Chamber of Commerce.

The survey, which covered the three months to the end of July, was in stark contrast to the Chamber's last one, covering the February-April period.

On production, 74 per cent said they were running at full or satisfactory levels. More than 15 per cent expected to be recruiting workers over the three months, with only 9 per cent expecting a reduction in their workforces.

Three brewers in exchange of 437 pubs

BY KENNETH GOODING

A TOTAL of 437 pubs are to change ownership under a big exchange deal involving three of the U.K.'s main brewing groups—Allied Breweries, Bass Charington and Courage.

The main areas to be affected are Bristol and Avon, parts of the Chilterns and Midlands, the Thames Valley and Merseyside.

As a result of the deal—announced yesterday—Courage, the Imperial Group subsidiary, will gain a much greater foothold in the West Midlands, where it is acquiring 85 pubs.

result of the mergers of the 1960s. The deals should certainly take some of the pressure off the industry, as the arrangement looks quite impressive.

There have been previous, but much smaller, pub-swaps before—between Courage and Truman in 1970 and Watney and Contract in 1971.

Mr. Whittall's appointment coincides with the CBI's report on the brewing industry which criticised the strong grip some companies have on particular geographic areas as a

Windfall from oil 'should not be wasted'

BY CHRISTOPHER DUNN

A WARNING against premature reflation, based on North Sea oil revenues, has been given by the London Chamber of Commerce and Industry, which wants to see the oil revenues used to help Britain's economy over the long term.

"The Government must resist short term economic and political pressures for reflation. The windfall offered by North Sea oil... must be used to achieve a long term basic improvement in the U.K.'s economic infrastructure. It should not be used as another bargaining counter in the steppe game."

The Chamber also identified a "huge gap" in the U.K. economy between promise and achievement. This is why there was euphoria in the financial markets and a great apprehension about the rest of the economy.

Adopting a flexible exchange rate had had a decisive effect on confidence. Foreign money had poured in, gilts had been in huge demand, and equities had soared. But actual achievement in the rest of the economy made dismal reading.

Whittall takes CBI post

MR. ASTLEY WHITTALL, president of the Engineering Employers' Federation, has been appointed chairman of the CBI's employment policy committee.

Mr. Whittall's appointment coincides with the CBI's report on the brewing industry which criticised the strong grip some companies have on particular geographic areas as a

Executive posts at Guinness (Park Royal)

Mr. J. I. Wilkinson and Mr. M. Daymond have been appointed executive directors of ARTHUR GUINNESS AND COMPANY (PARK ROYAL) from October 1.

Mr. D. J. Grundy has been appointed as full-time chairman of INDUSTRIAL TRIBUNALS in the Manchester Region.

Mr. R. K. Walker, secretary, has been appointed to the Board of LONDON UNITED INVESTMENTS.

Mr. H. L. Mills and Mr. J. F. N. Wedge have been appointed assistant general managers of BARCLAYS BANK INTERNATIONAL, head office.

ICL planning permission

BY MAX WILKINSON

INTERNATIONAL COMPUTERS has obtained planning permission in principle to build a research and development complex at Wythenshawe, Manchester, which will employ 4,300 people.

At Dukinfield, Greater Manchester. The company said last night that the application for planning permission at Wythenshawe did not mean that ICL had definitely decided to move there.

Cheaper diggers

AKERMAN Industries, of Peterborough, yesterday announced a 10 per cent average decrease in the selling prices of its range of Swedish made hydraulic excavators. Reason: "Revaluation of the Swedish krona."

Derek Crouch

Report for the six months ended 30th June 1977

Table with 3 columns: 6 months ended, 6 months ended, 12 months ended. Rows include Store Tax, Cler Tax, Per share, etc.

Company is now operating from the recently acquired premises in Antwerp, initially in the sale of compressors and related equipment.

Derek Crouch (Contractors) Ltd. Head Office: Peterborough PE6 7UW. Telephone: Peterborough 222341 Telex: 32129

Banking figures

(as table 3 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

Table with columns: August 17, 1977, Change on month. Rows include U.K. banks, Overseas banks, Reserve assets, etc.

Table with columns: U.K. banks, London clearing banks, etc. Rows include U.K. banks, Overseas banks, etc.

Special deposits at July 20 were £1,082m. (up £22m. from June) for banks and £2m. (down £1m.) for finance houses. Interest-bearing eligible liabilities were £25,315m. (up £533m.).

London Clearing Banks' balances as at August 17, 1977

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures

produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Courts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES. Total outstanding, Change on month. Rows include LIABILITIES, ASSETS.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES. Total outstanding, Change on month. Rows include LIABILITIES, ASSETS.

TABLE 3. CREDIT CONTROL INFORMATION. (Parent banks only). Rows include Eligible liabilities, Reserve assets, etc.

Table with columns: Total outstanding, Change on month. Rows include Bills, Advances, etc.

Table with columns: Total outstanding, Change on month. Rows include LIABILITIES, ASSETS, etc.

olence... rces jute... ck-out... Own Correspondent... CALCUTTA, Sept. 6... ER INDIAN jute millers...

New bankruptcy shakes Brazil coffee trade

BY SUE BRANFORD SAO PAULO, Sept. 6 International Coffee Organisation... than too little at too high a price...

Feed wheat under pressure

By Our Commodities Editor FEED WHEAT prices were under pressure again yesterday...

A giant's stride into the EEC

BY CHRISTOPHER PARKES THE "JOLLY" Green Giant Company of Minnesota last month opened its first European factory...

ina buys Japanese minimum

TOKYO, Sept. 6 HAS contracted to buy tonnes of refined aluminium from Japan for August...

More EEC beet sugar expected this year

BY OUR COMMODITIES STAFF FRENCH BEET sugar production this year could exceed 3.5m tonnes compared with 2.7m last year...

World use of fertiliser rises 10%

FERTILISER USE increased nearly 10 per cent after declining the previous season...

Colorado beetles still in Britain

Financial Times Reporter HIGH WINDS yesterday stranded the Dutch ship loaded with 600 tonnes of grain infested with Colorado beetle...

Late fall hits cocoa prices

BY OUR COMMODITIES STAFF COCOA FUTURES prices on the London terminal market fell sharply near the close yesterday...

COMMODITY MARKET REPORTS AND PRICES

Table with columns for Metals, Rubber, and other commodities. Includes prices for copper, tin, and various grades of rubber.

GRAINS

Table listing prices for various grain futures including wheat, corn, and soybeans.

PRICE CHANGES

Table showing price changes for various commodities such as wool, cotton, and metals.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE... NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company...

COFFEE

Table showing coffee prices for various grades and origins.

SILVER

Table showing silver prices for different types of silver.

COFFEE

Table showing coffee prices for various grades and origins.

Lower copra output likely in Philippines

WASHINGTON, Sept. 6. BELOW-NORMAL rainfall in the Philippines is expected to reduce copra production this year to 2.4m tonnes from 2.6m last year...

PLANT AND MACHINERY

GENERATORS for Automatic Standby Power... Plant and machinery for various industrial uses.

COFFEE

Table showing coffee prices for various grades and origins.

MEAT/VEGETABLES

Table showing prices for meat and vegetable commodities.

SUGAR

Table showing sugar prices for various grades and origins.

Big rise in world tea

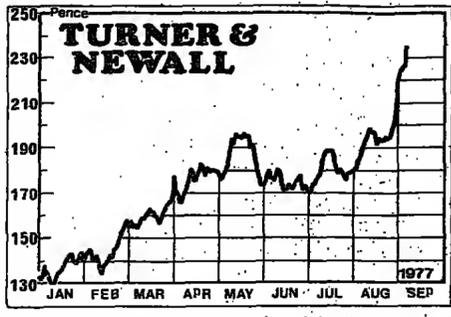
By Our Own Correspondent NEW DELHI, Sept. 5. THE TEA crop harvested in India between January and June totalled 197.6m kils, an increase of 20.4 per cent over the corresponding period last year...

STOCK EXCHANGE REPORT

Renewed all-round strength with Gilt gains to 1 7/8 and share index advancing 6.3 more to 525.8 after 530.4

Account Dealing Dates
Optimism
First Declared Last Account
Dealing Dates
Aug. 22 Sep. 2 Sep. 13
Sep. 5 Sep. 15 Sep. 16 Sep. 27
Sep. 19 Sep. 29 Sep. 30 Oct. 11

and longer-dated British Funds
and with stock becoming pro-
gressively more difficult to obtain.
Share prices extended to nearly
two points became evident in the
after-hours trading. Part of the
demand represented a pent-up
business from earlier days earlier
THE UPSURGE in leading equities
which had taken the FT 30-Share
Index up by 88 points in a little
over six weeks to Monday's close
was taken a stage further yesterday
in heightened activity. Prices
boiled over in the late trade ahead
of today's vote on the Govern-
ment's 12-month rule at the 700
Conference but after being 10.9
up at 2 p.m., the index ended
with a net rise of 6.3 to 525.8 —
its highest since August 30, 1972
and 17.8 points or about 3 per
cent. off the May 1972 peak
since compilation of 543.6.



34p, while Garnar Scottish
hardened 2 to 22p reflecting the
interim figures.
Leading Engineering closed
mixed following an active trade.
In ex-rights form, Tubes closed
2 off at 410p, after 415p, while
the new all-paid shares opened
at 57p premium and advanced
in busy trading to 69p premium
before closing at 67p premium.
John Brown ended a penny off at
294p, after 297p but Vickers held
close of 8 higher on the day at
425p. Elsewhere in Chemicals
Revertex eased 2 to 80p on the
first-half profits downturn.
Decca feature
Press comment on Monday's
good preliminary profits saw field)
added 8 at 25p and on the
Decca issues raised to 500p at
higher first-half earnings. Black-

following consideration of the
dividend and profits forecast.
Glasco amended Monday's rise of
12 to a fresh advance of 12 to
17 after 622p, and Pilkington
were also good again at 488p, up
18. Rises of 10 were scored by
Rockitt and Colman, 507p, and
Rank Organisation, 250p, while
demand in a thin market left
De La Rue 30 up at 600p. Beecan
remained late to close 2 off at 632p
after 643p. In response to Coalite
and Chemicals's counter-offer for
Charlton's, the latter rose 4 to
651p. The absence of a full-scale
bid indicated nervousness in Red
fears, down 6 at 226p, but AAE
put on 10 to 200p in response to
the proposed 100 per cent scrip
issue. The dividend-topping
rights issue from British Syntex
was greeted with a rise of 4 to
75p.
The Motor sections recorded
fresh useful gains. Lucas im-
proved further to 222p before
settling at 225p for a rise of 2
on balance. Dewy ended 6 higher
at 171p, after 174p, and J. Wood-
head were supported at 190p, up
7, and 172p, after 170p, and
Automotive Products, 100p, rose 4
and 6 respectively.
Against a firm trend in News-
papers, Thomson encountered
some profit-taking and at 695p,
lost 2 of the previous day's North
Sea oil inspired gain of 68.

with fresh widespread gains. In
Financials, Dalgety were outstand-
ing at 225p, up 15, along with S.
Pearson, 10 to the good at 185p,
but Edinburgh Industrial Hold-
ings dipped to 14p before rallying
to close only 1 down on balance
at 15p following news that the
Stock Exchange is starting an in-
vestigation into recent share
dealings in the company.
Shipings ended below the best
with P & O 7 dearer at 153p, after
161p.
Textiles continued in demand
and the Carpet sector was note-
worthy for some useful gains.
Carpet International moved up
2 to 74p, after 72p, and H. M.
4 more to 58p. Fresh interest was
shown in Yonhgal, up 6 further
at 61p, ahead of Friday's results.
Blackwood Morton at 185p, re-
covered 2 of the previous day's
reaction of 8 which followed the
sharp fall in annual profits. Else-
where, Courtaulds ended 4
dearer at 127p, after 129p. Shidar
advanced 6 to 45p and Hocking
Peacock 8 to 77p.
Golds strong again
South African Golds made
further headway inspired by per-
sistent buying orders from most
quarters and in particular the
Cape, despite the 50 cents decline
in the hullion price to \$147.375 per
ounce in front of today's inter-
national Monetary Fund gold
auction.
Share prices were additionally
sustained by the improvement in
the arbitrage rate and the higher
investment currency premium.
The Gold Mines Index rose a
further 2.4 to 112.8 — a gain of 2.8
over the past three trading days
and its highest level since
August 10.
South African Financials also
broad fronted across a broad
front with Union Corporation
particularly favoured at 245p, an
improvement of 10, in front of
the interim results.
London-registered Financials
again mirrored the buoyancy of
UK Financials with Rio Tinto
Zinc higher on balance at 222p,
after 225p; the half-year results
are expected at the end of the
month. Charter and Gold Fields
were both around 5 up at 136p and
120p respectively.
The good performance in over-
night home markets and the rise
in the premium enabled Australi-
ans to move ahead. MIM Hold-
ings advanced 7 to 150p in
response to increased dividend
and sharply higher profits.
Elsewhere, in Coppers, Messina
were subject to a strong Cape
demand and closed 8 firmer at
120p, after 122p, while in Tins
Copeing rose 7 more to 137p
higher on balance at 222p, after
225p. Following news of
its Malaysian tin prices, Re-
flecting a demand in Canada
Pacific Copper closed 12 up at
120p.

FINANCIAL TIMES STOCK INDIC
Table with columns for various stock indices and their values. Includes Government Sec, Fixed Interest, Industrial Ordinary, etc.

HIGHS AND LOWS S.E. ACT
Table showing high and low prices for various stocks. Includes Govt. Sec, Fixed Int., Ind. Ord., Gold Mines.

DEALING DATES
Table listing deal dates and declarations for various companies. Includes First Deal, Last Deal, Declaration, etc.

NEW HIGHS AND LOWS FOR 1977
Table listing new highs and lows for various stocks in 1977. Includes British Funds, Foreign Bonds, etc.

RECENT ISSUES

EQUITIES
Table listing recent equity issues with columns for Issue Price, Amount, and Date.

FIXED INTEREST STOCKS
Table listing fixed interest stocks with columns for Issue Price, Amount, and Date.

"RIGHTS" OFFERS
Table listing rights offers with columns for Issue Price, Amount, and Date.

ACTIVE STOCKS
Table listing active stocks with columns for Stock Name, Denomination, Closing Price, etc.

FT—ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices for various equity groups. Includes CAPITAL GOODS, CONTRACTING, ELECTRICALS, etc.

FIXED INTEREST PRICE INDICES
Table showing fixed interest price indices for various categories. Includes British Government, Under 5 Years, 5-15 Years, etc.

APOLLO PALAZZO PITTI, FLORENCE
The SEPTEMBER issue of APOLLO discusses the architectural development of the Pitti Palace from the early 17th century building by Ammannati to the very necessary additions of North and South wings by Parigi, and the planning of the magnificent Boboli Gardens by Buontalenti.
ON SALE NOW



AUTHORISED UNIT TRUSTS OFFSHORE AND OVERSEAS FUNDS

Main table listing various unit trusts and offshore/overseas funds with columns for fund names, managers, and performance metrics.

BASE LENDING RATES table listing interest rates for various banks and financial institutions.

INSURANCE, PROPERTY, BONDS table listing various insurance and investment products.

Conference? Seminar? Company Meeting? Reception? Film Preview? Advertising Presentation? There's no need to hunt around the West End for a suitable venue or viewing theatre.

INSURANCE BASE RATES table listing insurance rates and CORAL INDEX information.

Stewart Wrightson
International Insurance Brokers
1 Camomile Street London EC3A 7JH Telephone 01-623 7511 Telex 981181

FT SHARE INFORMATION SERVICE

HOTELS—Continued

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------------|-------|------|-----|-----|-----|-----|
| 46 | 25 | 25 | North M. F. 10p | 41 | 0.81 | 1.0 | 3.8 | 0.0 | 0.0 |
| 47 | 22 | 22 | Pomona 10p | 41 | 1.46 | 1.0 | 3.8 | 0.0 | 0.0 |
| 48 | 40 | 40 | Queens Hotel 26d | 41 | 1.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 49 | 68 | 68 | Horton Hotel 26d | 41 | 1.57 | 1.0 | 3.8 | 0.0 | 0.0 |
| 50 | 53 | 53 | Savoy 26d | 41 | 1.13 | 1.0 | 3.8 | 0.0 | 0.0 |
| 51 | 53 | 53 | St. James 26d | 41 | 1.13 | 1.0 | 3.8 | 0.0 | 0.0 |
| 52 | 85 | 85 | St. James 26d | 41 | 1.13 | 1.0 | 3.8 | 0.0 | 0.0 |
| 53 | 112 | 112 | Trusts F. Port 26d | 41 | 1.74 | 1.0 | 3.8 | 0.0 | 0.0 |
| 54 | 106 | 106 | Westcliff 10p | 41 | 1.41 | 1.0 | 3.8 | 0.0 | 0.0 |

AMERICANS—Continued

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 115 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 116 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 117 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 118 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 119 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

BUILDING INDUSTRY—Cont.

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 120 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 121 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 122 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 123 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 124 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

DRAPERY AND STORES—Cont.

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 125 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 126 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 127 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 128 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 129 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

ENGINEERING—Continued

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 130 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 131 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 132 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 133 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 134 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

INDUSTRIALS (Miscel.)

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 135 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 136 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 137 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 138 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 139 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

CANADIANS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 140 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 141 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 142 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 143 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 144 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

BANKS AND HIRE PURCHASE

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 145 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 146 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 147 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 148 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 149 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

ELECTRICAL AND RADIO

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 150 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 151 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 152 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 153 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 154 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

CHEMICALS, PLASTICS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 155 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 156 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 157 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 158 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 159 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

ENGINEERING, MACHINE TOOLS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 160 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 161 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 162 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 163 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 164 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

FOOD, GROCERIES, ETC.

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 165 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 166 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 167 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 168 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 169 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

BEERS, WINES AND SPIRITS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 170 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 171 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 172 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 173 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 174 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

CINEMAS, THEATRES AND TV

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 175 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 176 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 177 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 178 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 179 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

DRAPERY AND STORES

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 180 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 181 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 182 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 183 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 184 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

BUILDING INDUSTRY, TIMBER AND ROADS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 185 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 186 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 187 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 188 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 189 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

HOTELS AND CATERERS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 190 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 191 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 192 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 193 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 194 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

BRITISH FUNDS

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 195 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 196 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 197 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 198 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 199 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

Shorts (Lives up to Five Years)

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-----|
| 200 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 201 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 202 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 203 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 204 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |

Over Fifteen Years

| 1977 | High | Low | Stock | Price | ± | Div | Yld | Cr | Tr |
|------|------|-----|--------------|-------|------|-----|-----|-----|-------|
| 205 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 206 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0 |
| 207 | 124 | 124 | General Inv. | 22 | 5.00 | 1.0 | 3.8 | 0.0 | 0.0</ |

INDUSTRIALS - Continued. Table listing various industrial stocks with columns for Price, Div, Yld, and other financial metrics.

INSURANCE - Continued. Table listing insurance companies and their stock prices.

PROPERTY - Continued. Table listing real estate and property-related stocks.

TRUSTS - Continued. Table listing trust and investment funds.

TRUSTS - Continued. Table listing trust and investment funds.

DAWA SECURITIES logo and header.

MINES - Continued. Table listing mining stocks.

AUSTRALIAN. Table listing Australian market indices and stocks.

COPPER. Table listing copper-related stocks.

MISCELLANEOUS. Table listing various miscellaneous stocks.

NOTES. Text providing information about the securities listed.

TEAS. Table listing tea and related products.

MINES. Table listing mining stocks.

CENTRAL RAND. Table listing Central Rand mining stocks.

EASTERN RAND. Table listing Eastern Rand mining stocks.

FAR WEST RAND. Table listing Far West Rand mining stocks.

O.F.S. Table listing Overseas Financial Services.

FINANCE. Table listing financial institutions and services.

INSURANCE. Table listing insurance companies.

PROPERTY. Table listing real estate.

TRUSTS, FINANCE, LAND. Table listing trusts and financial services.

TRUSTS, FINANCE, LAND. Table listing trusts and financial services.

TRUSTS, FINANCE, LAND. Table listing trusts and financial services.

REGIONAL MARKETS. Table listing regional market data.

OPTIONS. Table listing options contracts.

DIAMOND AND PLATINUM. Table listing diamond and platinum stocks.

Options 3-month Call rates. Text providing options rates.

DIAMOND AND PLATINUM. Table listing diamond and platinum stocks.

STEEL from John Williams -it pays CARDIFF 33422

Pressure grows for Lance to resign

THE PRESSURES on Mr. Bert Lance to resign as director of the Budget Office...

Express group plans new code for unions

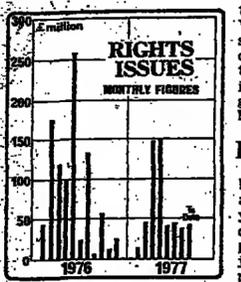
MR. VICTOR MATTHEWS, the new chairman of Beaverbrook Newspapers, last night told union leaders of the new discipline he intends to impose on his 7,000 employees.

THE LEX COLUMN

BOC taps the bull market

The gilt-edged market was in euphoric mood yesterday, but today's banking sector statistics are a shade more expansionary than some of the optimists have been hoping.

Index rose 6.3 to 525.8



Bonn crisis squad studies kidnapping demand

CHANCELLOR Helmut Schmidt of West Germany in-ought called a full meeting of his Cabinet, followed by a meeting of the Bonn 'Crisis Staff' comprising senior Ministers.

Ford makes Wales wait until Friday

FORD IS expected to announce the site of his new European engine plant on Friday, Sept. 9.

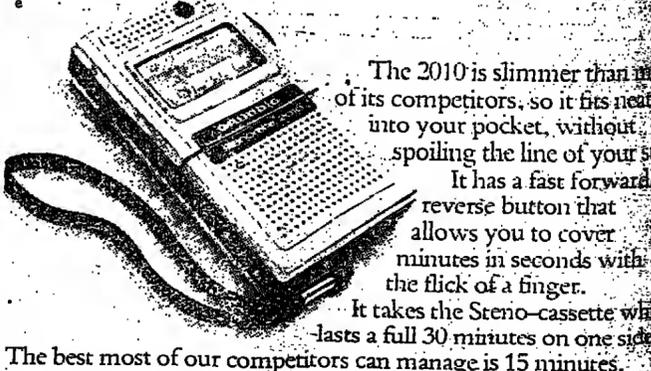
Post Office unions in row over seats on Board

MR. LEN MURRAY, the TUC general secretary, has been asked to help settle an argument about the distribution of seats on the Board of the Post Office.

Chrysler to go ahead with Sunbeam launch

CHRYSLER U.K. has negotiated alternative supplies of electrical components in an effort to ensure the successful launch of its Sunbeam car.

The new Grundig Stenorette 20



It leaves other dictation machines lost for words. The 2010 is slimmer than any of its competitors...

Weather table with columns for U.K. TO-DAY, BUSINESS CENTRES, and HOLIDAY RESORTS.

Continued from Page 1

Callaghan with TUC leaders and overseas trade union visitors before returning to London.

Form for Grundig Stenorette 20 coupon and postcard, including fields for Name, Company, and Address.

Vertical advertisement on the right edge of the page, partially obscured, mentioning 'Equities rise 8.4: gilts up sharply' and 'Truck market face challenge'.